Province of
Newfoundland and Labrador

Financial Statements of Crown Corporations, Boards and Authorities (A - M)

FOR THE YEAR ENDED
31 MARCH 2014

Newfoundland
Labrador

Province of Newfoundland and Labrador

Financial Statements of Crown Corporations, Boards and Authorities

(A-M)

For The Year Ended 31 March 2014

PRINTED UNDER AUTHORITY OF THE HOUSE OF ASSEMBLY

INTRODUCTION

The Financial Statements of Crown Corporations, Boards and Authorities are a reproduction of the available audited financial statements of various Government organizations as approved by the applicable boards of these organizations. This report is produced alphabetically in two books: A to M and N to Z. The fiscal years noted in the table of contents are based on the fiscal year end of the organization. This report includes board-signed financial statements of crown corporations, boards and authorities for their most recent fiscal year end up to March 31, 2014. In certain instances, the financial statements for their prior fiscal year end are included due to timing of obtaining board signatures. Financial statements older than two previous fiscal year ends are excluded from this report.

Information on the financial position and results of operations of the Province for the 2013-14 fiscal year may be found in the following financial reports:

Public Accounts Volume I – Consolidated Summary Financial Statements

This volume presents the summary financial statements which consolidate the financial statements of the Consolidated Revenue Fund with the financial statements of various Crown Corporations, Boards and Authorities, as approved by Treasury Board, which are controlled by the Government of Newfoundland and Labrador.

Public Accounts Volume II – Consolidated Revenue Fund Financial Statements

This volume presents the financial position of the Consolidated Revenue Fund and the results of its activities on an accrual basis.

Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund

This report presents the actual budgetary contribution (requirement) of the Consolidated Revenue Fund along with details on the actual revenues and expenditures, by program, using the modified cash basis of accounting.

The Financial Statements of Crown Corporations, Boards and Agencies are also available on the Government's website at: http://www.fin.gov.nl.ca/fin/publications/index.html

Table of Contents

Name **Page**

Atlantic Lottery Corporation (2014)........1

Board of Commissioners of Public Utilities (2014)........41

Business Investment Corporation (2013 & 2014)........55

C.A. Pippy Park Commission (2014)........91

C.A. Pippy Park Golf Course Limited (2014)........113

Central Regional Health Authority (2014)........131

Chicken Farmers of Newfoundland and Labrador (2013)........183

College of the North Atlantic (2014)........199

Conseil Scolaire Francophone Provincial de Terre-Neuve-et-Labrador (2013)........233

Credit Union Deposit Guarantee Corporation (2013)........263

Dairy Farmers of Newfoundland and Labrador (2013)........277

Director of Support Enforcement (2014)........289

Eastern Regional Health Authority (2014)........297

Eastern School District (2013)........323

Heritage Foundation of Newfoundland and Labrador (2014)........351

Labrador School Board (2013)........369

Livestock Owners Compensation Board (2014)........401

Marble Mountain Development Corporation (2014)........411

Memorial University of Newfoundland (2014)........433

Multi-Materials Stewardship Board (2014)........455

Municipal Assessment Agency (2014)........477

Nalcor Energy (2013)........487

Newfoundland and Labrador Arts Council (2014)........531

Newfoundland and Labrador Centre for Health Information (2014)........549

Newfoundland and Labrador Crop Insurance Agency (2014)........565

Newfoundland and Labrador Film Development Corporation (2014)........577

Table of Contents (Continued)

Name **Page**

Newfoundland and Labrador Government Sinking Fund (2014)....591

Newfoundland and Labrador Housing Corporation (2013 & 2014)....605

Newfoundland and Labrador Immigrant Investor Fund Limited (2013 & 2014)....669

Newfoundland and Labrador Industrial Development Corporation (2013 & 2014)....701

Newfoundland and Labrador Liquor Corporation (2014)....727

Newfoundland and Labrador Municipal Financing Corporation (2013 & 2014)....751

Newfoundland and Labrador Sports Centre Inc. (2014)....783

Newfoundland Hardwoods Limited (2013 & 2014)....793

Newfoundland Ocean Enterprises Limited (2013 & 2014)....805

Newvest Realty Corporation (2013)....829

Nova Central School District (2013)....859

Office of the High Sheriff of Newfoundland and Labrador (2013 & 2014)....883

Office of the Public Trustee (2014)....899

Private Training Corporation (2013)....909

Province of Newfoundland and Labrador Pooled Pension Fund (2013)....917

Provincial Advisory Council on the Status of Women (2014)....951

Provincial Information and Library Resources Board (2014)....967

Registrar of the Supreme Court – Supreme Court Fund (2013)....993

Research & Development Corporation of Newfoundland and Labrador (2014)....1001

Student Loan Corporation of Newfoundland and Labrador (2014)....1017

The Rooms Corporation of Newfoundland and Labrador (2013)....1035

Western Regional Health Authority (2014)....1063

Western School District (2013)....1093

Workplace Health, Safety and Compensation Commission (2013)....1123

This report includes the most recent fiscal year financial statements (current or one prior year), up to March 31, 2013, those that have been received prior to the publication date. All earlier fiscal year statements have been excluded from this report. The financial statements of the following agencies were not received in time for inclusion in this report:

C.A. Pippy Park Commission (2013)

C.A. Pippy Park Golf Course Limited (2013)

Consumer Protection Fund For Prepaid Funeral Services (2013 & 2014)

Discovery Health Care Foundation Inc. (2013 & 2014)

Dr. H. Bliss Murphy Cancer Care Foundation (2013 & 2014)

Eastern Education Foundation (2012 & 2013)

Egg Farmers of Newfoundland and Labrador (2012 & 2013)

Health Care Foundation of St. John's Inc. (2013 & 2014)

Heritage Foundation of Newfoundland and Labrador (2013)

House of Assembly (2013 & 2014)

Janeway Children's Hospital Foundation (2013 & 2014)

Labrador-Grenfell Regional Health Authority (2013 & 2014)

Labrador School Board Trust Fund (2012 & 2013)

Marble Mountain Development Corporation (2013)

Newfoundland and Labrador Arts Council (2013)

Newfoundland and Labrador Farm Products (2013 & 2014)

Newfoundland and Labrador Government Sinking Fund (2013)

Newfoundland and Labrador Legal Aid Commission (2013 & 2014)

Newfoundland and Labrador Sports Centre Inc. (2013)

Newfoundland Government Fund (2013)

Newfoundland International Student Education Program Inc. (2013 & 2014)

Newvest Realty Corporation (2012)

Office of the Public Trustee (2013)

Private Training Corporation (2012)

Province of Newfoundland and Labrador pooled pension Fund (2012)

Provincial Advisory Council on the Status of Women (2013)

Public Health Laboratory (2013)

The Burin Peninsula Health Care Foundation Inc. (2013 & 2014)

The Rooms Corporation of Newfoundland and Labrador (2014)

Trinity-Conception-Placentia Health Foundation Inc. (2013 & 2014)

Consolidated Financial Statements

Atlantic Lottery Corporation Inc.

March 31, 2014

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Atlantic Lottery Corporation Inc.

We have audited the accompanying consolidated financial statements of **Atlantic Lottery Corporation Inc.**, which comprise the consolidated balance sheet as at March 31, 2014 and the consolidated statements of operations, comprehensive income, changes in deficiency and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Atlantic Lottery Corporation Inc.** as at March 31, 2014, and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Ernst + Young LLP

Saint John, Canada,
June 4, 2014

Chartered Accountants

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders of
Atlantic Lottery Corporation Inc.

The consolidated financial statements presented in this Annual Report are the responsibility of the management of **Atlantic Lottery Corporation Inc.** They have been approved by its Board of Directors.

Management prepared the consolidated financial statements in accordance with International Financial Reporting Standards. The financial information contained in the Annual Report is consistent with the data presented in the consolidated financial statements.

Atlantic Lottery Corporation Inc. maintains books of account, systems of information, systems of financial and management control, as well as a comprehensive internal audit program, which provide reasonable assurance that accurate financial information is available, that assets are protected and that resources are managed efficiently.

The Board of Directors oversees external and internal audit activities through its audit committee. The committee reviews matters related to accounting, auditing, internal control systems, the consolidated financial statements and reports of the internal and independent external auditors.

Brent Scrimshaw
President & CEO

Patrick Daigle, CA
CFO

ATLANTIC LOTTERY CORPORATION INC.
CONSOLIDATED BALANCE SHEET
AS AT MARCH 31
[In thousands of dollars]

	2014	2013
ASSETS		
Current		
Cash *[note 5]*	$ 2,660	$ 5,127
Restricted prize cash *[note 5]*	20,748	20,341
Accounts receivable *[note 6]*	21,073	26,843
Prepaid expenses and deposits	9,799	7,047
Inventory *[note 7]*	7,160	7,613
	61,440	66,971
Derivative asset *[note 17]*	969	-
Investment, at cost *[note 8]*	8,681	8,681
Property and equipment *[note 9]*	122,094	126,484
Intangibles *[note 10]*	57,754	56,265
TOTAL ASSETS	$ 250,938	$ 258,401
LIABILITIES		
Current		
Line of credit *[note 11]*	$ 14,940	$ 19,060
Accounts payable and accrued liabilities *[note 12]*	32,718	22,151
Deferred revenue	1,465	1,003
Liabilities for unclaimed prizes *[note 13]*	20,748	20,341
Due to shareholders *[note 14]*	4,895	4,410
Current portion of long-term debt *[note 15]*	82,519	66,785
Current portion of long-term lease payable *[note 16]*	938	3,038
	158,223	136,788
Employee future pension benefits *[note 18]*	14,324	37,551
Employee future other post-employment benefits *[note 18]*	14,580	14,090
Long-term debt *[note 15]*	96,327	130,165
Long-term lease payable *[note 16]*	882	1,820
Other long-term liabilities *[note 17]*	506	3,158
	126,619	186,784
SHAREHOLDERS' DEFICIENCY		
Share capital *[note 20]*	1	1
Accumulated other comprehensive income (loss)	968	(2,527)
Deficit	(34,873)	(62,645)
	(33,904)	(65,171)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY	$ 250,938	$ 258,401

Commitments *[note 23]*

See accompanying notes

On behalf of Board:

Director

Director

ATLANTIC LOTTERY CORPORATION INC.
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31

[In thousands of dollars]

	2014	2013 *(Restated)*
Revenue		
Gross ticket sales	$ 671,286	$ 646,903
Net video lottery receipts	374,053	381,830
Entertainment centre revenue	19,988	19,320
	1,065,327	1,048,053
Prizes on ticket sales	384,294	367,723
Net revenue	681,033	680,330
Direct expenses		
Commissions	122,534	122,515
Ticket printing	10,804	13,050
Other direct cost *[note 10]*	5,620	4,860
	138,958	140,425
Gross profit	542,075	539,905
Expenses		
Operating and administrative expenses	111,294	116,137
Depreciation, amortization and impairment *[notes 9 and 10]*	29,884	30,585
Interest *[notes 11, 15 and 16]*	4,224	3,575
	145,402	150,297
Profit before the following	396,673	389,608
Other expenses (income)	(3,493)	(3,020)
Taxes *[note 22]*	27,296	27,213
Payments to the Government of Canada *[note 21]*	4,433	4,355
	28,236	28,548
Net profit	$ 368,437	$ 361,060

See accompanying notes

ATLANTIC LOTTERY CORPORATION INC.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED MARCH 31

[In thousands of dollars]

		2014		2013 *(Restated)*
Net profit	**$**	**368,437**	$	361,060
Other comprehensive income (loss)				
Other comprehensive income to retained earnings (not to be reclassified to Statement of Operations in subsequent years)				
Variation of the employee future benefit liability				
Variation during the year *[note 18]*		**19,650**		(16,821)
Other comprehensive income to accumulated other comprehensive income (to be reclassified to Statement of Operations in subsequent years)				
Mark-to-market gains on derivative instruments designated and qualifying as cash flow hedges				
Variation during the year *[note 17]*		**3,495**		77
Other comprehensive income (loss)		**23,145**		**(16,744)**
Comprehensive income	**$**	**391,582**	$	344,316

See accompanying notes

ATLANTIC LOTTERY CORPORATION INC.
CONSOLIDATED STATEMENT OF CHANGES IN DEFICIENCY
AS AT MARCH 31
[In thousands of dollars]

	Share capital	Accumulated other comprehensive income (loss)	Deficit	2014 Total shareholders' deficiency
Balance, beginning of year	$ 1	$ (2,527)	$ (62,645)	$ (65,171)
Net profit	-	-	368,437	368,437
Other comprehensive income (loss)	-	3,495	19,650	23,145
Comprehensive income	-	3,495	388,087	391,582
Distribution of profit to shareholders *[note 14]*				
New Brunswick Lotteries and Gaming Corporation	-	-	(117,571)	(117,571)
Province of Newfoundland and Labrador	-	-	(120,592)	(120,592)
Nova Scotia Provincial Lotteries and Casino Corporation	-	-	(107,794)	(107,794)
Prince Edward Island Lotteries Commission	-	-	(14,208)	(14,208)
Total profit allocated to shareholders	-	-	(360,165)	(360,165)
Dividends paid	-	-	(150)	(150)
Balance, end of year	$ 1	$ 968	$ (34,873)	$ (33,904)

	Share capital	Accumulated other comprehensive income (loss)	Deficit	2013 Total shareholders' deficiency
Balance, beginning of year	$ 1	$ (2,604)	$ (44,189)	$ (46,792)
Net profit	-	-	361,060	361,060
Other comprehensive income (loss)	-	77	(16,821)	(16,744)
Comprehensive income	-	77	344,239	344,316
Distribution of profit to shareholders *[note 14]*				
New Brunswick Lotteries and Gaming Corporation	-	-	(120,140)	(120,140)
Province of Newfoundland and Labrador	-	-	(114,149)	(114,149)
Nova Scotia Provincial Lotteries and Casino Corporation	-	-	(112,761)	(112,761)
Prince Edward Island Lotteries Commission	-	-	(15,645)	(15,645)
Total profit allocated to shareholders	-	-	(362,695)	(362,695)
Balance, end of year	$ 1	$ (2,527)	$ (62,645)	$ (65,171)

See accompanying notes

ATLANTIC LOTTERY CORPORATION INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31
[In thousands of dollars]

	2014	2013
Cash provided by (used for)		
Operating activities		
Net profit	$ **368,437**	$ 361,060
Add non-cash items:		
Depreciation and amortization *[notes 9 and 10]*	**32,217**	29,339
Loss on disposal of property and equipment	**1,376**	1,868
Impairment of long-lived assets *[notes 9 and 10]*	**500**	3,636
Increase in cash flow hedge	**(969)**	-
Other comprehensive income (loss)	**23,145**	(16,744)
	424,706	379,159
Net change in non-cash components of working capital *[note 24]*	**15,392**	(11,271)
Increase (decrease) in employee future benefits	**(22,737)**	13,629
	417,361	381,517
Investing activities		
Purchase of property and equipment	**(17,776)**	(86,276)
Purchase of intangibles	**(14,564)**	(24,016)
Proceeds on disposal of property and equipment	**1,148**	414
	(31,192)	(109,878)
Financing activities		
Decrease in line of credit	**(4,120)**	(18,326)
Proceeds of long-term debt	**200,862**	267,829
Repayment of long-term debt	**(218,966)**	(155,105)
Repayment of long-term lease payable	**(3,038)**	(2,932)
Increase (decrease) in other long-term liabilities	**(2,652)**	555
Dividends paid to shareholders	**(150)**	-
	(28,064)	92,021
Distribution to shareholders *[note 14]*	**(360,165)**	(362,695)
Increase (decrease) in cash	**(2,060)**	**965**
Cash, beginning of year	**25,468**	24,503
Cash, end of year *[note 5]*	$ **23,408**	$ 25,468

See accompanying notes

1. NATURE OF OPERATIONS

Atlantic Lottery Corporation Inc. ["the Corporation"] was incorporated under the *Canada Business Corporations Act* on September 3, 1976. The Corporation's shareholders are the New Brunswick Lotteries and Gaming Corporation, Province of Newfoundland and Labrador, Nova Scotia Provincial Lotteries and Casino Corporation, and Prince Edward Island Lotteries Commission. The registered office of the Corporation is located at 922 Main Street in Moncton, New Brunswick, Canada.

The profit of the Corporation is distributed twice monthly to each of the shareholders. The distribution to each province consists of the calculated profit in each province as determined by the Amended and Restated Unanimous Shareholders' Agreement.

The Corporation has been appointed to undertake, conduct and manage lotteries by and on behalf of the provinces of New Brunswick, Newfoundland and Labrador and Prince Edward Island. The Corporation has been appointed to operate lotteries in the province of Nova Scotia by the Nova Scotia Provincial Lotteries and Casino Corporation ["NSPLCC"].

The Corporation has entered into a formal operating agent agreement ["Agreement"] with NSPLCC that requires the Corporation to obtain the prior approval of NSPLCC before making certain changes related to lottery schemes in Nova Scotia. The Agreement provides that all assets acquired by the Corporation exclusively for the operation of lotteries in Nova Scotia are held by the Corporation in trust for and on behalf of NSPLCC, and that all liabilities incurred to acquire those assets are also the liabilities of NSPLCC. In the case of the Agreement being cancelled, the Corporation has a 24 month period to transfer all assets and liabilities related to the lottery schemes in Nova Scotia to NSPLCC. However, these assets and liabilities related to the Nova Scotia lottery activities are included on the Corporation's consolidated balance sheet, because NSPLCC does not have the intent to cancel the Agreement and therefore the Corporation's expectation is that the economic benefit of all the acquired assets will stay with the Corporation over their entire useful lives.

The Corporation has conduct and manage agent agreements with the provinces of New Brunswick, Newfoundland and Labrador and Prince Edward Island which include similar provisions. Also, these provinces currently do not have the intent to cancel the agreements and therefore all assets and liabilities related to the lottery operations in these provinces are also recorded with the same assumption in the Corporation's consolidated financial statements.

The Articles of Incorporation restrict the number of shareholders to four and any invitations to the public to subscribe for securities of the Corporation are prohibited. Because of these restrictions, the Corporation manages capital through working capital and debt to ensure sufficient liquidity to manage current and future operations. The acquisition of debt requires the approval of the Corporation's Board of Directors and NSPLCC.

The Corporation is also restricted under the *Gaming Control Acts* of each province for the management of prize funds. The Corporation is required to maintain cash on hand equivalent to the amount of prize liabilities outstanding.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The consolidated financial statements of the Corporation for the year ended March 31, 2014 were authorized for issue by the Board of Directors on June 5, 2014.

2. SIGNIFICANT ACCOUNTING POLICIES [Continued]

Basis of measurement

These consolidated financial statements were prepared on a going concern basis, under the historical cost basis, except for derivative financial instruments that have been measured at fair value.

Statement of compliance

The consolidated financial statements of the Corporation and its subsidiaries [collectively, the "Corporation"] for the year ended March 31, 2014 have been prepared in accordance with International Financial Reporting Standards ["IFRS"] and interpretations adopted by the International Accounting Standards Board ["IASB"].

The Corporation's consolidated financial statements for the periods up to and including the year ended March 31, 2011 were previously prepared based on Canadian generally accepted accounting principles.

Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All dollar values are rounded to the nearest thousandth dollar ($'000), except for per share amounts.

Basis of consolidation

The consolidated financial statements include the accounts of the Corporation and its wholly owned subsidiaries, Atlantic Gaming Equipment Limited, 7865813 Canada Inc., and 8157154 Canada Inc. The financial statements of the subsidiaries are prepared for the same reporting period as the consolidated financial statements of the Corporation, using consistent accounting policies.

The subsidiaries are fully consolidated from the date of acquisition, being the date at which the Corporation obtains control, and continue to be consolidated until the date that such control ceases.

All intra-Corporation balances, transactions, income and expenses, and profits and losses, including dividends resulting from intra-Corporation transactions, are eliminated in full.

Inventory

Inventory consists of lottery tickets [Scratch'N Win and Breakopen], and food and beverage consumables. Inventory is valued at the lower of cost, determined on an average cost basis, and net realizable value. Costs incurred in bringing each product to its present location and condition are accounted for as purchase costs on an average cost basis.

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the assets. Subsequent costs are included in an asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. All other repair and maintenance expenses are charged to the consolidated statement of operations as incurred. Borrowing costs related to the acquisition, construction or production of qualifying assets, are capitalized.

2. SIGNIFICANT ACCOUNTING POLICIES [Continued]

Land and assets not ready for use are not depreciated. Depreciation on other assets is charged to the consolidated statement of operations based on cost, less estimated residual value, on a straight-line basis over the estimated useful lives of the assets. The Corporation is using the following useful lives for the different asset categories:

Asset	Useful life
Building	10 to 50 years
Automotive	3 to 4 years
Operational and gaming equipment	2 to 15 years
Finance lease	Lease term
Leasehold improvements	Lease term

If the costs of a certain component of property and equipment are significant in relation to the total cost of the item, these costs are accounted for and depreciated separately.

The assets' residual values, useful lives and methods of depreciation are reviewed annually, and adjusted prospectively, if appropriate.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of operations in the year the asset is derecognized.

Pre-opening costs are expensed to the consolidated statement of operations as incurred.

Intangible assets

Intangible assets acquired separately
Acquired intangible assets are primarily software, patents and licenses on technologies. Intangible assets acquired separately are carried at cost less accumulated amortization and impairment losses. Amortization is charged to the consolidated statement of operations on a straight-line basis over their estimated useful lives as follows:

Asset	Useful life
Software licenses	3 to 14 years
Computer software	3 to 14 years
Gaming software	3 to 7 years
Finance lease	Lease term

The Corporation only has intangible assets acquired with a finite useful life. The estimated useful lives and amortization methods are reviewed at the end of each annual reporting period, with the effect of any changes in estimates being accounted for on a prospective basis. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of operations in the expense category consistent with the function of the intangible asset. Intangible assets not ready for use are not amortized.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of operations when the asset is derecognized.

2. SIGNIFICANT ACCOUNTING POLICIES [Continued]

Internally generated intangible assets - research and development expenditures
Expenditure on research activities is recognized as an expense in the period in which it is incurred. Development costs relating primarily to the development of new gaming or lottery software or internet web sites used for purposes of selling the Corporation's services are recognized as an intangible asset when the Corporation can demonstrate that the following conditions required by International Accounting Standards ("IAS") 38, *Intangible Assets* are met:

- the asset is identifiable and will generate expected future economic benefits; and
- the cost can be determined reliably.

The amount initially recognized for internally generated intangible assets is the sum of the acquisition and manufacturing costs that can be directly attributed to the development process as well as a reasonable portion of the development-related fixed costs. If the internally generated intangible asset does not meet the conditions of IAS 38, the development expenditure is recognized in profit or loss in the period during which it was incurred. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses. Amortization of the asset begins when the development is complete and the asset is available for use. It is amortized over the period of expected future benefit on a straight-line basis. The current useful lives applied are as follows:

Asset	Useful life
Software licenses	3 to 14 years
Computer software	3 to 14 years
Gaming software	3 to 7 years

During the period of development, the intangible asset is tested for impairment annually.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period during which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The Corporation capitalized borrowing costs for all eligible assets where construction was commenced on or after April 1, 2010, as this is the Corporation's transition date to IFRS. The Corporation expensed borrowing costs relating to construction projects that commenced prior to April 1, 2010.

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Corporation as a lessee
Finance leases, which transfer to the Corporation substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the lower of fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the consolidated statement of operations.

2. SIGNIFICANT ACCOUNTING POLICIES [Continued]

Leased assets are depreciated on the same basis as owned assets over the useful lives of the assets. However, if there is no reasonable certainty that the Corporation will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognized as an expense in the consolidated statement of operations on a straight-line basis over the lease term.

Impairment of financial assets
The Corporation assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Corporation estimates the asset's fair market value. An asset's fair market value can be measured via recent market transactions or discounted cash flow model. If the fair market value is lower than the enterprise value of the asset, impairment of that amount exists.

Impairment losses are recognized in the consolidated statement of operations in those expense categories consistent with the function of the impaired asset.

Impairment of non-financial assets
The Corporation assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Corporation estimates the asset's recoverable amount. An asset's recoverable amount is the higher of the fair value of an asset or cash-generating unit ("CGU") less costs to sell, and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses are recognized in the consolidated statement of operations in those expense categories consistent with the function of the impaired asset.

For previously impaired assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Corporation estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of operations.

Provisions
Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, and the costs to settle the obligation are both probable and able to be reliably measured. Where the Corporation expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of operations net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. The Corporation has recorded provisions for sick leave and asset decommissioning.

2. SIGNIFICANT ACCOUNTING POLICIES [Continued]

Pensions and other post-employment benefits
The Corporation participates in a multiple-employer defined benefit contributory pension plan. The Corporation also provides certain post-employment healthcare benefits, long service awards, life insurance and ad-hoc supplementary pensions.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method. Actuarial gains and losses are recognized as income or expense in other comprehensive income immediately in the period when they occur.

The past service costs are recognized as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits have already vested, immediately following the introduction of, or changes to, a pension plan, past service costs are recognized immediately.

The defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds, as explained in note 18 less past service costs and (for the pension obligation) less the fair value of plan assets, out of which the obligations are to be settled. Plan assets are not available to the creditors of the Corporation, nor can they be paid directly to the Corporation. Fair value is based on market price information and, in the case of quoted securities, is the published bid price. The value of any defined benefit asset recognized is restricted to the sum of any past service costs and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Effective April 1, 2013, the Corporation adopted the amended IAS 19, *Employee Benefits* standard. This standard requires that the interest component of the annual defined benefit cost be determined by applying the high quality corporate bond rate to the net defined benefit liability. Previously, this component of the annual defined benefit cost was determined by applying the high quality corporate bond rate to the gross defined benefit liability. Also, the expected return on plan assets, based on market expectations, was separately determined and offset against the annual benefit costs.

This change in accounting policy has been applied retrospectively in accordance with the standard's transitional provisions.

The impact of adopting this standard for the year ended March 31, 2013 is a decrease to net profit of $1,566 and an increase to other comprehensive income of $1,566.

Financial instruments
Initial recognition and measurement
The Corporation at initial recognition designates its financial assets either as (i) financial assets at fair value through profit or loss, (ii) loans and receivables, or as (iii) available for sale. Financial liabilities are classified as (i) fair value through profit or loss, (ii) financial liabilities at amortized cost, or as (iii) derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial instruments are initially measured at fair value plus, in the case of financial assets not recognized at fair value through profit or loss, directly attributable transaction costs.

The Corporation's financial assets include cash, restricted prize cash, accounts receivable, due from shareholders, and investments.

2. SIGNIFICANT ACCOUNTING POLICIES [Continued]

The Corporation's financial liabilities include line of credit, accounts payable and accrued liabilities, liabilities for unclaimed prizes, due to shareholders, long-term debt, long-term lease payable and other long-term liabilities, including derivative instruments.

Subsequent measurement of financial assets
The subsequent measurement of financial assets depends on their classification, as follows:

i. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Corporation that are not designated as hedging instruments in hedge relationships as defined by IAS 39, *Derivatives*, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at fair value through profit or loss are carried in the consolidated balance sheet at fair value with changes in fair value recognized in other expenses (income) or interest expense in the consolidated statement of operations.

The Corporation has not designated any financial assets upon initial recognition as at fair value through profit or loss.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method ("EIR"), less impairment. The losses arising from impairment are recognized in the consolidated statement of operations in depreciation and impairment expense.

Securities in this category include cash, restricted prize cash, accounts receivable, and due from shareholders.

iii. Available for sale

Securities classified as available for sale are non-derivative financial assets that are initially designated as available for sale or that are not classified in the fair value through profit or loss or loans and receivables categories.

Gains and losses resulting from changes in fair value, except for impairment losses are recognized in the consolidated statement of comprehensive income under net unrealized gains/(losses) on available for sale securities until the financial asset is derecognized.

Securities in this category include investments.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when the rights to receive cash flows from the asset have expired or the Corporation has transferred its rights to receive cash flows from the asset.

2. SIGNIFICANT ACCOUNTING POLICIES [Continued]

Impairment of financial assets

The Corporation assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortized cost, the Corporation first assesses individually whether objective evidence of impairment exists, individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Corporation determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred).

Subsequent measurement of financial liabilities

The measurement of financial liabilities depends on their classification, as follows:

i. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Corporation that are not designated as hedging instruments in hedge relationships as defined by IAS 39.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of operations. The Corporation has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

ii. Financial liabilities at amortized cost

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statement of operations when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in other expenses (income) in the consolidated statement of operations.

2. SIGNIFICANT ACCOUNTING POLICIES [Continued]

Financial liabilities classified in this category include line of credit, accounts payable and accrued liabilities, liabilities for unclaimed prizes, due to shareholder, long-term debt, and long-term lease payable.

iii. Derivatives designated as hedging instruments in an effective hedge

The Corporation uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and is subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to net profit or loss for the year.

The fair value of interest rate swap contracts is determined by reference to market values for similar instruments. At the inception of a hedge relationship, the Corporation formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Interest rate swaps when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or highly probable forecast transactions are classified as cash flow hedges. The effective portion of the gain or loss on the hedging instrument is recognized directly in other comprehensive income, while the ineffective portion is recognized in the consolidated statement of operations in other expenses (income).

Amounts taken to other comprehensive income are transferred to the consolidated statement of operations when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale or purchase occurs.

If the forecasted transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized in equity is transferred to the consolidated statement of operations. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

The Corporation uses interest rate swaps to hedge the volatility of variable interest payments to a fixed interest rate over the term of the respective debt.

Financial liabilities classified in this category include other long-term liabilities.

Current versus non-current classification

Derivative instruments that are not designated and effective hedging instruments are classified as current or non-current or separated into a current and non-current portion based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

2. SIGNIFICANT ACCOUNTING POLICIES [Continued]

- Where the Corporation will hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the reporting date, the derivative is classified as non-current (or separated into current and non-current portions) consistent with the classification of the underlying item.

- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistent with the classification of the underlying hedged item. The derivative instrument is separated into a current portion and non-current portion only if a reliable allocation can be made.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of operations.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Fair value of financial instruments
The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Revenue recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, free tickets and pari-mutuel commissions. The Corporation assesses its revenue arrangements against specific criteria in order to determine if it is acting as the principal or agent. The Corporation has concluded that it is acting as principal in all of its revenue arrangements. In each of the revenue categories, the following specific recognition criteria must also be met before revenue is recognized:

Gross ticket sales

Lottery revenue
Lottery revenue and the corresponding direct expenses are recognized on the draw date. Receipts for lottery tickets sold before March 31 for draws held subsequent to that date are recorded as deferred revenue.

Instant ticket revenue
Revenue from instant ticket games and the corresponding direct expenses are recognized at the time of activation, which determines the transfer of legal ownership to the retailer.

2. SIGNIFICANT ACCOUNTING POLICIES [Continued]

Interactive revenue
Revenue from interactive games and the corresponding direct expense are recognized at the time of play.

Net video lottery receipts
Revenue from video lottery and the corresponding direct expenses are recognized at the time of play and are recorded net of credits paid out.

Entertainment centre revenue
Entertainment centre revenue includes receipts from electronic gaming devices, recorded net of credits paid out at the time of play, table games recorded net of payouts at the time of play, and restaurant sales.

The Corporation operates a loyalty points program at its Entertainment centre, which allows players to accumulate points at the time of play. The points can then be redeemed for products. Consideration received is allocated between the Entertainment centre revenue and the points issued, with the consideration allocated to the points equal to their fair value. The fair value of the points is determined by applying statistical analysis. The fair value of the points issued is deferred and recognized as revenue when the points are redeemed.

Prize expense
Prize expense for draw-based games is recorded based on the actual prize liability experienced for each online game at the time of the draw. All obligations for prizes from these drawings are recorded as liabilities for unclaimed prizes on the consolidated balance sheet.

Instant ticket prizes are recognized as a percentage of ticket sales in line with the theoretical prize payout for that game.

Video lottery and interactive game prizes are based on the actual prizes won for each individual game, at the point at which the sale occurs.

In addition to cash prizes, the Corporation also awards free tickets. The value ascribed to these prizes is equal to the sale price.

Interest income
For all financial instruments measured at amortized cost, interest income or expense is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in other income in the consolidated statement of operations.

Sales tax
As a prescribed registrant, the Corporation makes GST/HST remittances to the Federal Government pursuant to the Games of Chance Regulations of the *Excise Tax Act*. The Corporation's net tax for a reporting period is calculated using net tax attributable to both gaming and non-gaming activities. The net tax attributable to gaming activities results in a tax burden of two times the GST/HST rate on most taxable gaming expenditures incurred by the Corporation *[note 22]*. HST is paid in New Brunswick, Newfoundland and Labrador, Nova Scotia, and Prince Edward Island at their respective HST rates.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated balance sheet.

Income tax
The Corporation is owned by the four Atlantic Provincial Governments and is exempt from income tax.

2. SIGNIFICANT ACCOUNTING POLICIES [Continued]

Payments to the Government of Canada
Under federal/provincial agreements, the Government of Canada agreed to withdraw from the sale of lottery tickets and to refrain from re-entering the field of gaming and betting. In consideration, all provinces and territories of Canada pay $24,000 annually, in 1979 dollars, adjusted by the consumer price index each year *[note 21]*.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Corporation's consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts recognized in the consolidated financial statements of the Corporation are discussed below.

Determination of useful lives for tangible and intangible assets
The Corporation has based the determination of the useful lives for its tangible and intangible assets on a detailed review of all empirical data for the different asset classes and also used the knowledge of the appropriate operations people to conclude on the useful lives. Furthermore, the Corporation at least annually updates if the current applied useful lives are still valid for the different asset classes. Any external or internal changes in the Corporation's environment may result in an impact on the expectation of the useful lives of certain assets and hence a triggering event to reconsider the expectation of the useful lives.

Impairment of financial assets
Impairment exists when the enterprise value of an asset exceeds its fair market value. Fair market value can be measured via recent market transactions or discounted cash flow model. The cash flows are derived from the budget for the next five years. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Impairment of non-financial assets
Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Corporation is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGU, including a sensitivity analysis, are further explained in notes 9 and 10.

Employee future benefits
The cost of defined benefit pension plans and other post-employment benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates, the return on the investment in the plan assets and future pension increases. Due to the complexity of the valuation, the underlying

3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS [Continued]

assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about the assumptions used are given in note 18.

Development costs
Development costs are capitalized in accordance with the accounting policy in note 2 "Intangible assets". Initial capitalization of costs is based on management's judgment that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. As at March 31, 2014, the amount of capitalized development costs was $12,822 [2013 - $15,555].

Capitalized development costs are primarily for the customization, implementation and testing of new gaming software solutions and of web sites offering to the Corporation's customers information about games, but also to place an order on the web site resulting in revenue for the Corporation. During the development of these new gaming software solutions and the revenue orientated web sites, there is some uncertainty, if these tools will be finally accepted by the market and will generate sufficient revenue. However, based on the Corporation's market research and review of other markets where these or similar solutions were already implemented, the Corporation's management is confident that the capitalized development costs will result in sufficient future benefits to cover the capitalized costs.

Fair value of financial instruments
Where the fair value of financial assets and financial liabilities (especially derivative financial instruments like interest rate swaps) recorded on the consolidated balance sheet cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Revenue recognition – Player Loyalty Program
The Corporation estimates the fair value of points awarded under the Player Loyalty Program by applying statistical techniques. Inputs to the models include making assumptions about expected redemption rates, the mix of products that will be available for redemption in the future and customer preferences. Points issued under the program have a one year expiration period. As at March 31, 2014, the estimated liability for unredeemed points was approximately $6 [2013 - $8].

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Corporation's consolidated financial statements are listed below. This listing of standards and interpretations issued are those that the Corporation reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Corporation intends to adopt these standards when they become effective.

IFRS 9, *Financial Instruments*
IFRS 9 will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE [Continued]

entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. For hedge accounting, IFRS 9 uses an objectives-based test to determine hedge effectiveness, amends how the risk component may be designated as the hedged item and changes the accounting for certain costs that can be excluded from the designation of a financial instrument as a hedging item. The Corporation is currently evaluating the impact of IFRS 9 on its future financial statements. IFRS 9 was issued by the IASB in November 2009 with amendments, primarily relating to hedge accounting, issued in November 2013. Due to the IASB's continued work on the impairment phase of this standard, there is no mandatory effective date for applying IFRS 9, although the standard is available for application now. A mandatory effective date for the full standard will be issued when the impairment phase of the IFRS 9 review is completed. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Corporation's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Corporation will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

IAS 32, *Financial Instruments: Presentation*

IAS 32 has been amended to state that a company must have a legally enforceable right to offset net financial assets and liabilities in their financial statements. The Corporation has evaluated the impact of IAS 32 and has determined that the adoption of this standard is unlikely to have a material effect on the Corporation's future financial statements. The amendment to IAS 32 was issued by the IASB in March 2009 and is effective for years beginning on or after January 1, 2014.

5. CASH

Cash is represented by cash on hand and bank balances, less outstanding cheques.

	2014	2013
Cash	**$ 2,660**	$ 5,127
Restricted prize cash	**20,748**	20,341
Total cash	**$ 23,408**	$ 25,468

Pursuant to provincial regulations the Corporation maintains restricted cash accounts in an amount equivalent to current game liabilities. Withdrawals from these accounts are restricted to payment of prizes *[note 13]*.

Funds held for alc.ca wallets represent funds provided to the Corporation through player wallets on alc.ca. These amounts are deposited into a separate bank account and are internally restricted by the Corporation exclusively for funding the alc.ca wallet liability. The Corporation has a cash balance of $702 [2013 - $626] to fund player wallets.

6. ACCOUNTS RECEIVABLE

	2014	2013
Lottery retailers	**$16,734**	$16,877
Taxes receivable	**688**	6,670
Other	**3,651**	3,296
Total accounts receivable	**$21,073**	$26,843

Lottery retailers' receivables are collected on a weekly basis. The Corporation had bad debt expense of $66 [2013 - $45] related to lottery retailer receivables.

7. INVENTORY

	2014	2013
Ticket stock	**$7,037**	$7,499
Food and beverage	**123**	114
Total inventory	**$7,160**	$7,613

During the year, the Corporation recorded inventory write-offs in the amount of $327 [2013 - $604].

8. INVESTMENT

The Corporation maintains an equity interest in Geonomics Global Games Limited (previously named Roboreus Limited), a privately-owned UK based internet gaming vendor. The investment is classified as available for sale and is being carried at cost as there is no quoted price in an active market and fair value cannot be reliably measured.

9. PROPERTY AND EQUIPMENT

	Land	Building	Automotive	Operational and gaming equipment	Finance lease	Leasehold improvements	Not ready for use	Total
Cost or valuation:								
As at March 31, 2012	$ 1,807	$ 22,160	$ 3,180	$ 170,925	$ 5,120	$ 7,345	$ 9	$ 210,546
Additions	-	5	753	57,587	-	1,093	27,204	86,642
Transfers	-	1	-	(3,822)	-	1,806	(2,362)	(4,377)
Disposals	-	-	(1,275)	(351)	-	(828)	-	(2,454)
As at March 31, 2013	1,807	22,166	2,658	224,339	5,120	9,416	24,851	290,357
Additions	**-**	**21**	**-**	**8,542**	**-**	**13**	**9,200**	**17,776**
Transfers	**-**	**-**	**-**	**3,686**	**-**	**-**	**(3,037)**	**649**
Disposals	**-**	**(126)**	**(617)**	**(73,928)**	**-**	**-**	**-**	**(74,671)**
As at March 31, 2014	**$1,807**	**$22,061**	**$ 2,041**	**$ 162,639**	**$5,120**	**$ 9,429**	**$31,014**	**$234,111**
Depreciation and impairment:								
As at March 31, 2012	$ -	$ 7,394	$ 1,446	$ 132,829	$ 2,275	$ 5,555	$ -	$ 149,499
Depreciation for the year	-	937	451	12,990	1,366	608	-	16,352
Impairment	-	-	-	196	-	-	-	196
Transfers	-	-	-	(536)	-	363	-	(173)
Disposals	-	-	(901)	(305)	-	(795)	-	(2,001)
As at March 31, 2013	-	8,331	996	145,174	3,641	5,731	-	163,873
Depreciation for the year	**-**	**922**	**457**	**17,093**	**1,365**	**618**	**-**	**20,455**
Impairment	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Transfers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Disposals	**-**	**(96)**	**(421)**	**(71,794)**	**-**	**-**	**-**	**(72,311)**
As at March 31, 2014	**$ -**	**$ 9,157**	**$ 1,032**	**$ 90,473**	**$5,006**	**$ 6,349**	**$ -**	**$112,017**
Net book value:								
As at March 31, 2014	**$1,807**	**$12,904**	**$ 1,009**	**$ 72,166**	**$ 114**	**$ 3,080**	**$31,014**	**$122,094**
As at March 31, 2013	$ 1,807	$ 13,835	$ 1,662	$ 79,165	$ 1,479	$ 3,685	$ 24,851	$ 126,484
As at March 31, 2012	$ 1,807	$ 14,766	$ 1,734	$ 38,096	$ 2,845	$ 1,790	$ 9	$ 61,047

During the year, the Corporation carried out a review of the recoverable amount of assets, there was no impairment identified [2013 - $196]. The recoverable amount was measured by a comparison of the carrying amount of an asset to estimated future cash flows expected to be generated by the CGU. The discount rate utilized was 2.5% per annum [2013 - 2.5%].

As at March 31, 2014, assets classified as not ready for use were strictly related to gaming equipment.

Assets classified as finance lease are comprised of computer hardware and software under long-term lease disclosed in note 16.

10. INTANGIBLES

	Software licenses	Computer software	Gaming software	Finance lease	Not ready for use	Total
Cost:						
As at March 31, 2012	$ 61,103	$ 4,338	$ 16,193	$ 6,762	$ 9,032	$ 97,428
Additions	575	15	8,095	366	14,965	24,016
Transfers	5,393	-	4,301	-	(5,395)	4,299
Disposals	(638)	-	-	-	(1,705)	(2,343)
As at March 31, 2013	66,433	4,353	28,589	7,128	16,897	123,400
Additions	**381**	**31**	**1,742**	**-**	**12,410**	**14.564**
Transfers	**(33)**	**1,978**	**215**	**-**	**(2,809)**	**(649)**
Disposals	**-**	**(1,252)**	**(1,116)**	**-**	**(69)**	**(2,437)**
As at March 31, 2014	**$ 66,781**	**$ 5,110**	**$ 29,430**	**$ 7,128**	**$ 26,429**	**$ 134,878**
Amortization and impairment						
As at March 31, 2012	$ 31,689	$ 2,544	$ 13,501	$ 2,275	$ 1,118	$ 51,127
Amortization	8,695	320	2,390	1,582	-	12,987
Impairment (recovery)	3,808	-	-	-	(368)	3,440
Transfers	-	-	93	-	-	93
Disposals	(512)	-	-	-	-	(512)
As at March 31, 2013	43,680	2,864	15,984	3,857	750	67,135
Amortization	**6,863**	**483**	**2,500**	**1,582**	**-**	**11,428**
Impairment (recovery)	**-**	**-**	**-**	**-**	**500**	**500**
Transfers	**(845)**	**845**	**-**	**-**	**-**	**-**
Disposals	**-**	**(1,205)**	**(734)**	**-**	**-**	**(1,939)**
As at March 31, 2014	**$ 49,698**	**$ 2,987**	**$ 17,750**	**$ 5,439**	**$ 1,250**	**$ 77,124**
Net book value:						
As at March 31, 2014	**$ 17,083**	**$ 2,123**	**$ 11,680**	**$ 1,689**	**$ 25,179**	**$ 57,754**
As at March 31, 2013	$ 22,753	$ 1,489	$ 12,605	$ 3,271	$ 16,147	$ 56,265
As at March 31, 2012	$ 29,414	$ 1,794	$ 2,692	$ 4,487	$ 7,914	$ 46,301

The above includes internally developed additions of $986 [2013 - $969], transfers of nil [2013 - nil], impairments of nil [2013 - $140], and disposals of ($269) [2013 - ($635)].

During the year, the Corporation carried out a review of the recoverable amount of intangibles which led to the recognition of an impairment loss of $500 [2013 - $3,440]. The recoverable amount was measured by a comparison of the carrying amount of an asset to estimated future cash flows expected to be generated by the CGU. The discount rate utilized was 2.5% per annum [2013 - 2.5%].

10. INTANGIBLES [Continued]

Assets classified as not ready for use are directly related to software licenses and video lottery software.

The Corporation capitalizes internal salary expenditures related to implementation and testing of new gaming software solutions and internet websites for the sale of new customer products.

During the year, the Corporation recorded capitalized borrowing costs amounting to $520 [2013 - $461] at a rate of 1.94% [2013 - 1.94%].

Amortization includes $2,500 [2013 - $2,390] for video lottery software, included in other direct costs.

11. LINE OF CREDIT

The Corporation has available a $125,000 line of credit, which bears interest at prime less 0.50%, and charges a standby fee on the daily unadvanced portion of the credit facility at a rate of 0.1% per annum.

Included in interest expense is $385 [2013 - $522] relating to line of credit.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		2014	2013
Trade payables and accruals	$	**24,221**	$15,260
Salaries payable		**4,554**	5,286
Taxes payable		**3,138**	-
Asset decommissioning provision		**224**	1,064
Player payable		**581**	541
Total accounts payable and accrued liabilities	$	**32,718**	$22,151

13. LIABILITIES FOR UNCLAIMED PRIZES

	2014	2013
Unclaimed prizes		
Current prizes	**$ 20,745**	$20,341
Special prize fund	**3**	-
	$ 20,748	$20,341

		2014		2013
Special prize fund				
Balance, beginning of year	$	**-**	$	-
Unclaimed prizes expired during year		**5,514**		6,211
Prize payouts		**(5,511)**		(6,211)
Balance, end of year	$	**3**	$	-

13. LIABILITIES FOR UNCLAIMED PRIZES [Continued]

Unclaimed prizes from regional lottery games are retained in a prize fund for 12 months from the announced beginning date of the draw and sports games are retained in a prize fund for 744 days from the date of purchase of the ticket. Unclaimed prizes remaining after the respective periods are transferred to a special prize fund and are recorded as a reduction to prize expense and/or used for prizes in subsequent draws. Prizes of national lottery games are funded by the Interprovincial Lottery Corporation, with the exception of prizes for certain free tickets, which are paid out of general prize funds as incurred.

Scratch'N Win prizes do not have an expiry period. Based on historical records, the Corporation has determined that minimal prizes are claimed after 36 months from the date of launch of the game. All unclaimed prizes from Scratch'N Win lottery games are retained in a prize fund for 36 months from the date of launch of the game. Unclaimed prizes remaining after the 36 month claiming period are transferred to a special prize fund and are recorded as a reduction to prize expense and/or used for prizes in subsequent draws. Unclaimed prizes of national games are administered by the Interprovincial Lottery Corporation.

14. DUE TO/FROM SHAREHOLDERS

The amount due to (from) shareholders relates to the profit earned for the year, not yet paid (received).

			2014		
	Profit earned	**Profit withheld**	**Profit distributed**	**Profit paid**	**Profit payable (receivable)**
New Brunswick Lotteries and Gaming Corporation	**$ 119,755**	**$ 2,184**	**$ 117,571**	**$ 116,801**	**$ 771**
Province of Newfoundland and Labrador	**122,744**	**2,152**	**120,592**	**118,429**	**2,163**
Nova Scotia Provincial Lotteries and Casino Corporation	**110,573**	**2,779**	**107,794**	**105,745**	**2,049**
Prince Edward Island Lotteries Commission	**15,315**	**1,107**	**14,208**	**14,295**	**(87)**
	$ 368,387	**$ 8,222**	**$ 360,165**	**$ 355,269**	**$ 4,896**

			2013		
	Profit earned	Profit withheld	Profit distributed	Profit paid	Profit payable (receivable)
New Brunswick Lotteries and Gaming Corporation	$ 120,140	$ -	$ 120,140	$ 118,752	$ 1,388
Province of Newfoundland and Labrador	114,149	-	114,149	112,088	2,061
Nova Scotia Provincial Lotteries and Casino Corporation	112,761	-	112,761	111,991	770
Prince Edward Island Lotteries Commission	15,645	-	15,645	15,454	191
	$ 362,695	$ -	$ 362,695	$ 358,285	$ 4,410

Since 2007 the Corporation has been making supplemental payments to the pension plan to reduce the pension plan solvency deficit. The supplemental payments were being funded by the Corporation via debt because the Corporation retains no retained earnings. The Corporation began withholding a portion of monthly profit distributions to shareholders in 2014 to fund the supplemental payments. The withholdings are scheduled until 2019 when the pension solvency deficit is expected to be eliminated and supplemental payments discontinued. Upon transition to IFRS a retained earnings deficit was created. The deficit will be eliminated through the withholding of profit for the purpose of funding the supplemental pension payments.

14. DUE TO/FROM SHAREHOLDERS [Continued]

The withholdings are allocated among the shareholders based on the provincially allocated pension expense during the period of 2007-2010 to align with the time period in which the deficit arose. During the year ended March 31, 2014, the Corporation withheld profit of $8,222 [2013 - nil].

15. LONG-TERM DEBT

	2014	2013
Bank term loan, amortized over 84 months, repayable in monthly installments of $1,200, bearing variable interest rates based on 30-day Bankers' Acceptances, hedged by fixed interest rate swaps bearing interest rates at 1.94%, maturing in December 2019.	$ **91,065**	$ 105,773
Bank term loan, amortized over 55 months, repayable in monthly installments of $1,400, bearing variable interest rates based on 30-day Bankers' Acceptances, hedged by fixed interest rate swaps bearing interest rates at 2.58%, maturing in October 2015.	**28,561**	46,105
Bank term loan, amortized over 20 years, repayable in monthly installments of $71 plus interest, bearing variable interest rates based on 30 day Bankers' Acceptances, hedged by a fixed interest rate swap bearing interest at 5.13%, maturing in August 2016 and a fixed interest rate swap bearing interest at 2.88%, beginning August 2016 and maturing August 2026.	**10,539**	11,391
Bankers' Acceptance, maturing on June 16, 2014, bearing interest at 1.83%.	**40,000**	-
Bankers' Acceptance, maturing on June 16, 2014, bearing interest at 1.83%.	**8,681**	-
Bankers' Acceptance, maturing on June 19, 2013, bearing interest at 1.34%.	**-**	25,000
Bankers' Acceptance, maturing on April 19, 2013, bearing interest at 1.25%.	**-**	8,681
	178,846	196,950
Current portion of long-term debt	**82,519**	66,785
	$ **96,327**	$ 130,165

Long-term debt is reduced by established monthly payments. Payments over the next 12 months are disclosed in the current portion of long-term debt.

15. LONG-TERM DEBT [Continued]

The aggregate maturities of long-term debt for each of the five years subsequent to March 31, 2014 are approximately as follows: 2015 - $82,519; 2016 - $26,819; 2017 - $16,456; 2018 - $16,776; and 2019 - $17,156.

Included in interest expense is $3,718 [2013 - $2,826] relating to long-term debt.

The Corporation has a debt covenant limiting cash payments to shareholders to be less than or equivalent to profit earned. The Corporation is in compliance with this covenant. No assets have been pledged as security for the above debt.

16. LONG-TERM LEASE PAYABLE

	2014	2013
Lease of computer hardware payable in monthly installments of $6 including interest at an imputed rate of 3.5% until June 2017.	**$ 232**	$ 300
Lease of computer hardware payable in monthly installments of $121 including interest at an imputed rate of 3.5% until April 2014.	**75**	1,500
Lease of computer software payable in monthly installments of $109 including interest at an imputed rate of 3.5% until July 2014.	**500**	1,764
Lease of computer software payable in monthly installments of $27 including interest at an imputed rate of 4.17% until June 2017.	**1,013**	1,294
	1,820	4,858
Current portion of long-term lease	**938**	3,038
	$ 882	$1,820

The aggregate payment of long-term lease payable for each of the five years subsequent to March 31, 2014 are approximately as follows: 2015 - $938; 2016 - $378; 2017 - $393, 2018 - $111; and 2019 - nil.

Included in interest expense is an amount of $120 [2013 - $227] related to software and hardware under capital lease.

17. CASH FLOW HEDGE

Derivatives not designated as hedging instruments
The Corporation does not use derivative contracts to manage transaction exposures.

Cash flow hedges
The Corporation holds 4 bank term loans bearing variable interest rates based on 30 day Bankers' Acceptances, hedged by fixed interest rate swaps. The interest rate swap has the same terms as the loan agreement to realize an effective hedge situation and therefore is not expected to impact the consolidated statement of operations. There

17. CASH FLOW HEDGE [Continued]

were no highly probable transactions for which hedge accounting has been claimed that have not occurred and no significant element of hedge ineffectiveness requiring recognition in the consolidated statement of operations.

During the year ended March 31, 2014, the Corporation recorded the fair value of its cash flow hedges as a non-current asset of $969, while the effective portion of the hedging derivative was recognized in other comprehensive income (loss). During the year ended March 31, 2013, the Corporation recorded the fair value of its cash flow hedges as a long-term liability of $2,526.

18. EMPLOYEE FUTURE BENEFITS

Pension benefits

The Corporation participates in a multi-employer defined benefit contributory pension plan. Benefits of the pension plan are based on employees' length of service and the average of the 60 consecutive months of highest pensionable earnings prior to termination or retirement. The Corporation's share of the multi-employer plan assets and the related accrued benefit obligation have been actuarially measured for accounting purposes as at March 31, 2014 using the projected benefit method prorated on service and management's best estimate of expected plan performance, salary escalation and retirement ages of employees.

The most recent actuarial valuation for funding purposes was performed as at December 31, 2010 by Mercer, a firm of consulting actuaries. This valuation disclosed an unfunded liability of $4,086 for affected members of the wind-up and $6,511 for non-affected members for the entire plan [2009 - $30,159 for all] of which the Corporation is one of the participating employers. Pursuant to the Act, the Corporation will pay its share of special payments, on average $8,000 annually, into the Plan in addition to the employer contribution for current service cost. These payments will continue until 2018 or until the benefits under the Act are fully funded as determined by an actuarial valuation whichever comes first. The additional amount paid during the fiscal year ended March 31, 2014 was $7,857 [2013 - $7,657].

Other post-employment benefits

The Corporation also sponsors the following post-employment benefits:

1. Long-service award which covers all employees of the Corporation who retire from active service. The award is one week of pay for each year of service [up to a maximum of 25] based on earnings at retirement.
2. Extended health and dental benefits.
3. Life insurance and ad-hoc supplementary pensions.

The most recent actuarial valuation of the other post-employment benefits liabilities was conducted as at March 31, 2010 and those results were extrapolated to March 31, 2014. Actuarial reports are prepared based on projections of employees' compensation levels to the time of retirement and future health care costs based on management's best estimate.

Sick leave

The Corporation offers its employees accumulation of unused sick leave days that the employees can use in later annual periods. The Corporation has provided for the cumulated sick leave days for which past empirical data of the usage of such days and the resulting future cash outflow are probable. Included in the individual costs for a sick leave day are all annual payroll costs of the respective employee divided by the average number employment days per annum. A provision totaling $656 [2013 - $650] is recorded and is included as part of other post-employment benefits.

18. EMPLOYEE FUTURE BENEFITS [Continued]

Information about the Corporation's employee future benefits as at March 31, in aggregate, is as follows:

	Defined benefit pension plan - Corporation's share		**Other post-employment benefits (unfunded)**	
	2014	2013	**2014**	2013
Change in defined benefit obligation				
Balance, beginning of year	$ **146,955**	$ 121,396	$ **13,440**	$ 11,007
Current service cost (employer portion)	**4,895**	5,296	**921**	758
Interest expense	**6,477**	6,039	**570**	560
Cash flows				
Benefits paid	**(6,029)**	(5,978)	**(898)**	(258)
Employees' contributions	**2,216**	2,285	**-**	-
Remeasurements				
Effect of changes in demographic assumptions	**8,525**	-	**509**	-
Effect of changes in financial assumptions	**(16,165)**	17,917	**(941)**	1,373
Effect of experience adjustments	**(812)**	-	**323**	-
Balance, end of year	$ **146,062**	$ 146,955	$ **13,924**	$ 13,440
Change in fair value of plan assets				
Balance, beginning of year	$ **109,405**	$ 95,075	$ **-**	$ -
Interest income	**5,062**	5,023		
Return on plan assets (excluding interest income)	**11,089**	2,469	**-**	-
Cash flows				
Employer contributions	**10,415**	10,951	**898**	258
Employees' contributions	**2,216**	2,285		
Benefits paid	**(6,029)**	(5,978)	**(898)**	(258)
Administrative expense paid from plan assets	**(420)**	(420)	**-**	-
Balance, end of year	$ **131,738**	$ 109,405	$ **-**	$ -
Amounts recognized in the consolidated balance sheet				
Defined benefit obligation ["DBO"]	$ **146,062**	$ 146,955	$ **13,924**	$ 13,440
Fair value of plan assets	**131,738**	109,405	**-**	-
Funded status	**14,324**	37,550	**13,924**	13,440
Effect of asset ceiling/onerous liability	**-**	-	**-**	-
Net liability	$ **14,324**	$ 37,550	$ **13,924**	$ 13,440

18. EMPLOYEE FUTURE BENEFITS [Continued]

	Defined benefit pension plan - Corporation's share		**Other post-employment benefits (unfunded)**	
	2014	2013	**2014**	2013
Components of defined benefit cost				
Service cost	**$ 4,895**	$ 5,296	**$ 921**	$ 758
Net interest cost				
Interest expense on DBO	**6,477**	6,039	**570**	560
Interest (income) on plan assets	**(5,062)**	(5,023)	**-**	-
Total net interest cost	**1,415**	1,016	**570**	560
Remeasurement of other long term benefits	**-**	-	**-**	-
Administrative expenses on taxes	**420**	420	**-**	-
Defined benefit cost included in Statement of Operations ["Stmt. Ops."]	**6,730**	6,732	**1,491**	1,318
Remeasurements				
Effect of changes in demographic assumptions	**8,525**	-	**509**	-
Effect of changes in financial assumptions	**(16,165)**	17,917	**(941)**	1,373
Effect of experience adjustments	**(812)**	-	**323**	-
(Return) on plan assets (excluding interest income)	**(11,089)**	(2,469)	**-**	-
Total remeasurements included in other comprehensive income ["OCI"]	**(19,541)**	15,448	**(109)**	1,373
Total defined benefit cost recognized in Stmt. Ops and OCI	**$ (12,811)**	$ 22,180	**$ 1,382**	$ 2,691
Net defined benefit liability (asset) reconciliation				
Net defined benefit liability	**$ 37,550**	$ 26,321	**$ 13,440**	$ 11,007
Defined benefit cost included in Stmt. Ops.	**6,730**	6,732	**1,491**	1,318
Total remeasurements included in OCI	**(19,541)**	15,448	**(109)**	1,373
Cash flows				
Employer contributions	**(10,415)**	(10,951)	**(898)**	(258)
Net defined benefit liability as of end of year	**$ 14,324**	$ 37,550	**$ 13,924**	$ 13,440
Significant assumptions				
Benefit obligation				
Discount rate	**4.70%**	4.50%	**4.59%**	4.28%
Rate of salary increase	**3.70%**	4.00%	**3.70%**	4.00%
Rate of price inflation	**2.20%**	2.50%	**-**	-
Rate of pension increase	**-**	-	**2.20%**	2.50%
Defined benefit cost				
Discount rate	**4.50%**	5.10%	**4.28%**	4.97%
Rate of salary increase	**4.00%**	4.00%	**4.00%**	4.00%
Rate of price inflation	**2.50%**	2.50%	**-**	-
Rate of pension increase	**-**	-	**2.50%**	2.50%

18. EMPLOYEE FUTURE BENEFITS [Continued]

The following table demonstrates the Corporation's sensitivity to a reasonably possible change in the significant assumptions used to determine the defined benefit obligation:

	Change in discount rate	Weighted average duration of defined benefit obligation	2014
Effect on net defined benefit obligation	+ 0.5%	22 years	$ 163,084
Effect on net defined benefit obligation	- 0.5%	21 years	$ 131,337

	Change in inflation rate	2014
Effect on net defined benefit obligation	+ 0.5%	$ 130,325
Effect on net defined benefit obligation	- 0.5%	$ 164,171

	Change in mortality	2014
Effect on net defined benefit obligation	-1 year setback	$ 149,118
Effect on net defined benefit obligation	+ 1 year setback	$ 142,961

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the net defined benefit obligation as at March 31, 2014 as a result of reasonable changes in key assumptions.

19. PROVISIONS

Decommissioning

The Corporation records the fair value of a decommissioning provision in the year during which it is incurred and can be reasonably estimated. This provision is associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and/or normal use of the assets. The Corporation also records a corresponding asset that is amortized over the life of the asset. Decommissioning provisions are classified as current if the useful life will expire in the next fiscal year and as a long-term asset if the useful lives extend beyond the next fiscal year. Provisions have been recorded for gaming equipment in the amount of $730 [2013 - $1,064]. The provision is classified as a current payable of $224 [2013 - $432] and a long-term liability of $506 [2013 - $632].

20. SHARE CAPITAL

Authorized and issued on incorporation is one common share to each of the provinces or their agencies for cash consideration of one hundred dollars per share.

21. PAYMENTS TO THE GOVERNMENT OF CANADA

Under federal/provincial agreements, the Government of Canada agreed to withdraw from the sale of lottery tickets and to refrain from re-entering the field of gaming and betting. In consideration, all provinces and territories of

21. PAYMENTS TO THE GOVERNMENT OF CANADA [Continued]

Canada pay $24,000 annually, in 1979 dollars, adjusted by the consumer price index each year. The amount paid for the current year was $70,176 for all provinces and territories.

The Corporation, as the Regional Marketing Organization of the Interprovincial Lottery Corporation, remits its member provinces' share of the above payments to the Interprovincial Lottery Corporation. The payment is included in the consolidated statement of operations as a deduction from profit and was allocated to the Corporation's member provinces based upon disposable income of the province, as follows:

	2014	2013
New Brunswick Lotteries and Gaming Corporation	**$ 1,386**	$ 1,386
Province of Newfoundland and Labrador	**1,052**	981
Nova Scotia Provincial Lotteries and Casino Corporation	**1,744**	1,746
Prince Edward Island Lotteries Commission	**251**	242
	$ 4,433	$4,355

22. TAXES

In lieu of the collection of HST on lottery ticket sales to the consumer, GST/HST paid on goods and services purchased that relate to gaming activities is not recoverable and is recorded with the cost to which it relates. Said goods and services are subject to the HST rate being applied a second time for remittance to the Federal Government, recorded as tax expense.

	2014	2013
Harmonized Sales Tax (HST)	**$27,296**	$ 27,213

23. COMMITMENTS

Operating leases

The Corporation is committed to payments for the lease of equipment and premises occupied by its head office, as well as operations in Nova Scotia, Newfoundland and Labrador, and Prince Edward Island. These leases have a duration of between one and 13 years, and the lease contracts end in the period from 2014 to 2027. Some of the contracts for the head office and operational properties include renewal options. The minimum future annual lease payments over the next five years are as follows: 2015 - $3,436; 2016 - $3,116; 2017 - $3,106; 2018 - $2,673; and 2019 - $2,627.

Outsource agreement

On July 18, 2010, the Corporation entered into a 7 year outsourcing agreement with CGI, with the option of three one year renewable terms. The scope of the agreement is for Infrastructure Services, Application Services, Project Services and the purchase of most non-gaming IT assets. The minimum future annual payments to CGI over the next five years are as follows: 2015 - $22,365; 2016 - $22,074; 2017 - $22,029; 2018 - $6,422; and 2019 - nil.

24. NET CHANGE IN NON-CASH COMPONENTS OF WORKING CAPITAL

	2014	2013
(Increase) decrease		
Accounts receivable	**$ 5,770**	$ (6,395)
Prepaid expenses and deposits	**(2,752)**	2,326
Inventory	**453**	(1,096)
	3,471	(5,165)
Increase (decrease)		
Accounts payable and accrued liabilities	**10,567**	(8,329)
Deferred revenue	**462**	110
Liabilities for unclaimed prizes	**407**	(1,018)
Due to shareholders	**485**	3,131
	11,921	(6,106)
Net change	**$ 15,392**	$ (11,271)

25. RELATED PARTY TRANSACTIONS

Transactions with key management personnel
Key management personnel (Corporate Executives) receive compensation in the form of short-term employee benefits and post-retirement benefits. Key management personnel compensation for the year ended March 31, 2014 is $2,519 [2013 - $1,950] which includes pension benefits of $181 [2013 - $155].

Other related party transactions
The Corporation is related to its shareholders: New Brunswick Lotteries and Gaming Corporation, Province of Newfoundland and Labrador, Nova Scotia Provincial Lotteries and Casino Corporation and Prince Edward Island Lotteries Commission.

The Corporation holds 100% equity interest in Atlantic Gaming Equipment Limited, 7865813 Canada Inc., and 8157154 Canada Inc. All intra-Corporation balances, transactions, income and expenses, and profits and losses, including dividends resulting from intra-Corporation transactions, are eliminated in full.

26. FINANCIAL INSTRUMENTS

Fair value versus carrying amounts
The fair value of financial instruments generally corresponds to the consideration for which the instrument could be exchanged in an arm's-length transaction between knowledgeable, willing parties.

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

26. FINANCIAL INSTRUMENTS [Continued]

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following tables present the breakdown of fair value measurements of financial instruments recognized at fair value on the consolidated balance sheet.

	2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Available for sale	**$ -**	**$ -**	**$ 8,681**	**$ 8,681**
Total financial assets	**$ -**	**$ -**	**$ 8,681**	**$ 8,681**
Financial liabilities				
Derivatives designated as hedging instruments in an effective hedge	**$ -**	**$ (969)**	**$ -**	**$ (969)**
Total financial liabilities	**$ -**	**$ (969)**	**$ -**	**$ (969)**

	2013			
	Level 1	Level 2	Level 3	Total
Financial assets				
Available for sale	$ -	$ -	$ 8,681	$ 8,681
Total financial assets	$ -	$ -	$ 8,681	$ 8,681
Financial liabilities				
Derivatives designated as hedging instruments in an effective hedge	$ -	$ 2,526	$ -	$ 2,526
Total financial liabilities	$ -	$ 2,526	$ -	$ 2,526

The fair value of cash, restricted prize cash, accounts receivable, due to/from shareholders, line of credit, accounts payable and accrued liabilities and liabilities for unclaimed prizes approximate their carrying amount largely due to the short-term maturities of these instruments.

The financial asset in Level 3 relates to a purchase by the Corporation of an investment during the year ended March 31, 2012 that is classified as an available for sale financial asset. Its fair value is not available on the market and therefore, is measured at cost. No realized or unrealized gains or losses have been recognized for this financial asset as at March 31, 2014.

The Corporation has entered into a derivative financial instrument with a financial institution with an investment grade credit rating. Interest rate swaps are the only derivatives valued using a valuation technique with market observable inputs. The applied valuation technique is a swap valuation model using present value calculations. The

26. FINANCIAL INSTRUMENTS [Continued]

models incorporate various inputs, including the credit quality of counterparties and interest rate curves. Because the derivatives are valued with their fair value in accordance with IAS 39, the recorded carrying value at the consolidated balance sheet date equals the fair value of the financial instrument.

27. CAPITAL MANAGEMENT

The Corporation does not retain any earnings. Net profit, after deducting contractual amounts due to the Government of Canada, is returned to the Province of Newfoundland and Labrador, Province of Prince Edward Island, Province of Nova Scotia and Province of New Brunswick.

The Corporation's policy is to maintain a structure which allows it to have sufficient liquidity to meet both operational demands and payments to the Provinces. The profit of the Corporation is distributed twice monthly to each of the shareholders.

As a result of fluctuating cash flow requirements and to minimize market risk, the Corporation maintains a high degree of liquidity and has a line of credit available. Corporate assets are financed through debt borrowings in the form of bank term loans and a line of credit.

The Board of Directors is responsible for the oversight of management, including its policies related to financial and risk management issues.

There were no changes in the Corporation's approach to capital management during the year.

28. FINANCIAL RISK MANAGEMENT

The Corporation has exposure to credit risk, liquidity risk, and market risk from its use of financial instruments. This note presents information about the Corporation's exposure to each of these risks and its objectives, policies and procedures for measuring and managing these risks.

Risk management framework
The Board of Directors has overall responsibility for the establishment and oversight of the Corporation's risk management framework. The Board of Directors has established the Audit Committee, which is responsible for developing and monitoring the Corporation's risk management policies. The Audit Committee reports regularly to the Board of Directors on its activities. The Corporation's risk management policies are established to identify and analyze the risks faced by the Corporation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Corporation's activities. The Corporation, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Corporation's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Corporation. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

28. FINANCIAL RISK MANAGEMENT [Continued]

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Corporation is subject to credit risk due to the nature of its operations where retail partners collect the Corporation's revenue.

This risk is managed through frequent collection of revenue and the control to pull funds from retailers' bank accounts and through retaining security deposits where the individual risk is assessed as high. The Corporation is not materially exposed to any one individual retailer or service provider and has applied standard credit practices which limit the Corporation's exposure to credit risk. The maximum risk the Corporation would be exposed to is $16,734 and the average balance for any one retail location outstanding is approximately $5. There are no accounts receivable balances outstanding greater than 90 days. As a result of the limited and controlled risk there is no provision established for bad debt.

The Corporation is not subject to credit risk for internet gaming sales because they are through credit card, debit card, online bill payment purchases or webcash purchases where customers pay in advance of transactions.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due.

To manage cash flow requirements, the Corporation has a line of credit from which it may borrow up to $125,000. Short-term financing is unsecured and interest is payable at prime less 0.50%, and charges a standby fee on the daily unadvanced portion of the credit facility at a rate of 0.1% per annum.

The Corporation's Finance division manages liquidity risk by forecasting and assessing actual cash flow requirements on an ongoing basis, as well as by planning for short-term liquidity with investment maturities chosen to ensure that sufficient funds are available to meet the Corporation's financial obligations.

The carrying values of the financial liabilities approximate their fair values due to the relatively short periods to maturity of these items, or because they are payable on demand. The table below summarizes the maturity profile of the Corporation's financial liabilities based on contractual undiscounted payments.

Maturity	On demand	Less than 12 months	1 to 2 years	2 to 5 years	5 to 10 years
Line of credit	$ 14,940	$ -	$ -	$ -	$ -
Accounts payable and accrued liabilities	-	32,718	-	-	-
Liabilities for unclaimed prizes	-	1,465	-	-	-
Due to shareholders	-	4,895	-	-	-
Debt	-	82,519	26,819	50,388	19,120
Lease payable	-	938	378	504	-
Other long term liabilities	-	-	-	171	335
	$ 14,940	$ 122,535	$ 27,197	$ 51,063	$ 19,455

28. FINANCIAL RISK MANAGEMENT [Continued]

Market risk
Market risk is the risk that changes in market prices will affect the fair value of future cash flows of a financial instrument. Market risk is comprised of currency risk, interest rate risk and other market price risk.

Currency risk
The Corporation is exposed to currency risk (or foreign exchange risk) by settling certain obligations in foreign currencies (primarily USD and GBP). Gains and losses due to foreign exchange rate fluctuations are minimized by settling foreign obligations as quickly as possible. The transactions in foreign currency are minimal and therefore the Corporation is not materially impacted by currency risk.

Interest rate risk
The Corporation's Finance division manages interest rate risk by forecasting and assessing actual cash flow requirements on an ongoing basis, and securing fixed rate debt (hedges) for financing of long-term projects. On an ongoing basis, the Corporation is exposed to interest rate risk through its line of credit which is subject to interest charges at prime less 0.50%, and charges a standby fee on the daily unadvanced portion of the credit facility at a rate of 0.1%. Fluctuations in the prime rate by plus or minus 1% could impact the Corporation's annual net profit by an amount of $149 [2013 - $191] based on the line of credit balance as at March 31, 2014.

Other market price risk
The Corporation offers the Proline brand of lottery products in the marketplace. The Corporation manages risks associated with these products by:

- setting odds for each event within a short time frame before the actual event;
- establishing sales liability thresholds by events, by combination of events, by retailer, and by player; and
- posting conditions and prize structure statements on www.alc.ca.

The Corporation has the authority to suppress sales of any game at any time when liability is a concern.

BOARD OF COMMISSIONERS
OF PUBLIC UTILITIES

FINANCIAL STATEMENTS
MARCH 31, 2014

NOSEWORTHY CHAPMAN
CHARTERED ACCOUNTANTS

Suite 201, 516 Topsail Rd • St. John's, NL • A1E 2C5
Tel: (709) 364-5600 • Fax: (709) 368-2146
www.noseworthychapman.ca

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of Public Utilities

We have audited the accompanying financial statements of the Board of Commissioners of Public Utilities, which comprise the statement of financial position as at March 31, 2014, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Board of Commissioners of Public Utilities as at March 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Noseworthy Chapman

Chartered Accountants
St. John's, Newfoundland & Labrador
June 3, 2014

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Financial Position
Year Ended March 31, 2014

	2014	2013
FINANCIAL ASSETS		
Cash	$ 1,836,354	$ 1,683,223
Receivables (Note 4)	342,022	195,958
HST receivable (Note 5)	60,630	132,941
Recoverable costs (Notes 2 & 6)	1,217,812	1,142,413
Designated pension funds (Note 7)	-	27,308
	3,456,818	3,181,843
LIABILITIES		
Payables and accruals	$ 579,600	$ 711,658
Government remittances payable	728	1,168
Payroll accruals	949,393	885,822
	1,529,721	1,598,648
NET FINANCIAL ASSETS	1,927,097	1,583,195
NON-FINANCIAL ASSETS		
Capital assets (Note 8)	$ 55,846	$ 61,644
Prepaid expenses	7,062	8,350
	62,908	69,994
ACCUMULATED SURPLUS	1,990,005	1,653,189
Accumulated surplus comprised of:		
Invested in capital assets (Note 8)	$ 55,846	$ 61,644
Invested in designated pension funds (Note 7)	-	27,308
Internally restricted (Note 11)	1,435,052	1,409,554
Unrestricted	499,107	154,683
	$ 1,990,005	$ 1,653,189

Commitments (Note 12)

On Behalf of the Board:

Chairperson and CEO

Vice Chairperson

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Operations
Year Ended March 31, 2014

	Budget 2014 (Note 14) (Unaudited)	**2014**	2013
REVENUES			
Regulatory assessments	$ 2,553,425	**$ 2,726,148**	$ 2,556,860
Interest and other income	7,500	**16,405**	13,647
Pension fund earnings, net of expenses (Note 7)	-	**(777)**	(3,294)
	2,560,925	**2,741,776**	2,567,213
EXPENDITURES			
Amortization	$ -	**$ 23,475**	$ 60,542
Consulting fees	371,650	**253,915**	339,300
Office equipment, supplies, and services	86,503	**60,473**	65,479
Pension obligations estimation adjustment	-	-	(12,204)
Rent and insurance	224,950	**225,027**	224,862
Salaries and associated costs	1,709,867	**1,750,665**	1,687,530
Telecommunications	34,920	**28,782**	28,705
Training and membership	81,300	**27,180**	20,741
Travel	51,735	**35,414**	26,930
Write down of capital assets	-	-	2,645
	2,560,925	**2,404,931**	2,444,530
Excess of revenue over expenditures	$ -	**$ 336,845**	$ 122,683

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Change in Net Financial Assets
Year Ended March 31, 2014

	Budget 2014 (Unaudited)	2014	2013
Annual surplus	$ -	$ 336,845	$ 122,683
Changes in tangible capital assets			
Acquisition of tangible capital assets		(17,677)	(12,752)
Amortization of tangible capital assets		23,475	60,542
Write down of capital assets	-	-	2,645
	-	5,798	50,435
Change in other non-financial assets			
Net acquisition of prepaid expenses		1,259	2,434
	-	1,259	2,434
Increase in net assets	-	343,902	175,552
Net financial assets, beginning of year	1,583,195	1,583,195	1,407,643
Net financial assets, end of year	$ 1,583,195	$ 1,927,097	$ 1,583,195

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Cash Flows
Year Ended March 31, 2014

	2014	2013
Operating transactions		
Cash receipts from assessments and other revenues	**$ 2,668,023**	$ 2,541,470
Cash paid to suppliers and employees	**(2,449,124)**	(2,198,664)
Cash provided by operating transactions	**218,899**	342,806
Hearing and review transactions		
Decrease (increase) in recoverable costs	**(75,399)**	420,905
Cash (used in) provided by hearing and review transactions	**(75,399)**	420,905
Capital transactions		
Purchase of capital assets	**(17,677)**	(12,752)
Cash used in capital transactions	**(17,677)**	(12,752)
Investing transactions		
Decrease (increase) in designated pension funds	**27,308**	(8,909)
Cash provided by (used in) investing transactions	**27,308**	(8,909)
Increase in cash during year	**153,131**	742,050
Cash position, beginning of year	**1,683,223**	941,173
Cash position, end of year	**$ 1,836,354**	$ 1,683,223

1. GENERAL

The Board of Commissioners of Public Utilities (the "Board") is an independent, quasi-judicial regulatory tribunal constituted in 1949 by the Lieutenant-Governor in Council pursuant to the *Public Utilities Act*. The Board regulates the electric utilities in the Province of Newfoundland and Labrador and is responsible for ensuring that the rates charged are reasonable and that the service provided is safe and reliable. Other responsibilities include: (a) the regulation of automobile insurance rates; (b) the regulation of, from June 8, 2004, fuel prices pursuant to the Petroleum Products Act; (c) limited regulation of the motor carrier industry as it relates to certain passenger and ambulance operations; and (d) establishing compensation for matters referred to the Board pursuant to the *Expropriation Act*. The Board was incorporated on May 12, 2000 pursuant to an amendment to the *Public Utilities Act* and as a Crown entity of the Province is not subject to provincial or federal income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Board is classified as an Other Government Organization as defined by Canadian Public Sector Accounting Standards (CPSAS). These financial statements are prepared by management in accordance with CPSAS for provincial reporting entities established by the Canadian Public Sector Accounting Board.

Financial instruments

The Board's financial instruments recognized in the statement of financial position consists of cash, receivables, HST receivable, recoverable costs, payables and accruals, government remittance payable and payroll accruals. The Board generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. Financial assets and financial liabilities are initially measured at cost, which is the fair value at the time of acquisition.

The Board subsequently measures all its financial assets and financial liabilities at cost or amortized cost. Transaction costs and any gains or losses arising from changes in fair value are recognized immediately in the statement of revenues and expenditures. Receivables are classified as loans and accounts payable are classified as other financial liabilities. Both are measured at amortized cost.

The Board's carrying value of cash, receivables, HST receivable, recoverable costs, payables and accruals, government remittance payable and payroll accruals approximates its fair value due to the immediate or short term maturity of these instruments

Cash

Cash includes cash in bank.

Recoverable costs

Recoverable costs relating to regulatory hearings and specific enquiries held by the Board are accrued until the Board orders payment. The costs and subsequent recoveries for these enquiries are not included in the operating revenues and expenditures of the Board.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

Capital assets are recorded on the Statement of Financial Position at cost net of accumulated amortization and are amortized as follows:

Furniture and equipment	20%	declining balance method
Computer hardware	35%	declining balance method
Computer software	50%	declining balance method
Leasehold improvements		the lesser of five year straight-line or remaining term of the lease

Capital assets are written down when conditions indicate that they no longer contribute to the Board's ability to provide goods and services, or when the value of future economic benefits associated with the capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

Prepaid expenses

Prepaid expenses include amounts paid in advance for services, insurance, and workers compensation and are charged to expense over the periods expected to benefit from it.

Funds and reserves

Certain amounts, as approved by the Board, are set aside in accumulated surplus for future operating and capital purposes. Transfers to/from funds and reserves are an adjustment to the respective fund when approved.

Revenues

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Expenditures

Expenses are reported on an accrual basis. The costs of all goods consumed and services received during the year are expensed.

Severance pay

Severance pay is accounted for on the accrual basis and is based upon years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continual service and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the Board.

Sick pay

The cost of non-vesting sick leave benefits are determined using management's best estimate of salary escalation, accumulated sick days at retirement, long-term inflation rates and discount rates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. FINANCIAL INSTRUMENTS

The Board is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2014.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Board is exposed to credit risk with respect to regulatory assessments. An allowance for doubtful accounts may be established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate credit facilities.

4. RECEIVABLES

Revenues receivable	**$ 339,733**	$ 192,664
Accrued interest receivable	**1,617**	1,315
Other receivables	**672**	1,979
	$ 342,022	$ 195,958

5. HST RECEIVABLE

HST rebate receivable from federal government	$ 89,469	$ 170,931
HST payable to federal government	(28,839)	(37,990)
	$ 60,630	$ 132,941

6. RECOVERABLE COSTS

Recoverable costs, beginning of year	$ 1,142,413	$ 1,563,318
Add - specific enquiry costs incurred during the year:		
Consulting fees	957,393	556,915
Consumer Advocate	307,410	860,976
Legal	137,480	114,950
Advertising and notice	25,295	26,350
Other	19,617	2,069
Transcription and printing	956	14,671
	1,448,151	1,575,931
	2,590,564	3,139,249
Less - costs recovered during the year	(1,372,752)	(1,996,836)
Recoverable costs, end of year	$ 1,217,812	$ 1,142,413

7. DESIGNATED PENSION FUNDS AND PENSION ASSET (OBLIGATIONS)

Designated pension funds are disclosed in the Statement of Financial Position as net of the related pension obligation.

The Board previously maintained a pension fund for one former commissioner. During the year this pension fund was wound up and all amounts on deposit were transferred to the Board's cash balance.

Balance on deposit, beginning of year	**$ 27,308**	$ 39,499
Add (deduct) - earnings net of expenses	**(777)**	(3,294)
	26,531	36,205
Less - benefit payments	**-**	8,897
Less - amount withdrawn on wind-up	**26,531**	
Balance on deposit, end of year	**$ -**	$ 27,308

In addition, other commissioners and employees for whom no designated pension plan has been established are members of The Public Service Pension Fund Act 1991. Pension contributions deducted from commissioners' and employees' salaries are matched by the Board and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to commissioners and employees when they retire. The Board's share of pension expense for the year of $112,405 (2013 - $118,469) is included in salaries and associated costs.

8. CAPITAL ASSETS

	Furniture and Equipment	Computer Hardware and Software	Leasehold Improvements	**Total**
Cost				
Opening balance	$ 236,893	$ 219,099	$ 190,515	**$ 646,507**
Additions	5,511	12,166	-	**17,677**
Disposals	-	-	-	**-**
Closing balance	242,404	231,265	190,515	**664,184**
Accumulated amortization				
Opening balance	208,793	185,555	190,515	**584,863**
Amortization	6,183	17,292	-	**23,475**
Disposals	-	-	-	**-**
Closing balance	214,976	202,847	190,515	**608,338**
Net book value	$ 27,428	$ 28,418	$ -	**$ 55,846**

				2013
	Furniture and Equipment	Computer Hardware and Software	Leasehold Improvements	**Total**
Cost				
Opening balance	$ 246,886	$ 212,472	$ 190,047	**$ 649,405**
Additions	3,876	8,408	468	**12,752**
Disposals	13,869	1,781	-	**15,650**
Closing balance	236,893	219,099	190,515	**646,507**
Accumulated amortization				
Opening balance	213,308	162,361	161,657	**537,326**
Amortization	7,026	24,658	28,858	**60,542**
Disposals	11,541	1,464	-	**13,005**
Closing balance	208,793	185,555	190,515	**584,863**
Net book value	$ 28,100	$ 33,544	$ -	**$ 61,644**

9. BANK CREDIT AGREEMENT

The Board has established a $1,000,000 line-of-credit subject to a general security agreement over all accounts and book debts, equipment, tangible capital assets and certain other assets. Any outstanding balance bears interest at the bank prime rate plus 0.5%. As at March 31, 2014, the balance outstanding was $Nil (2013- $Nil).

10. NON-VESTED SICK LEAVE PAYOUTS

Prior to a change in government policy, several employees were allowed to accumulate unused sick day credits. As of March 31, 2014, there are four employees who have an accumulated sick-leave payout balance. Accumulated credits may be used in future years to the extent that the employee's illness or injury exceeds the current year's allocation of credits. The use of accumulated sick days for sick-leave compensation ceases on termination of employment. The benefit costs and liabilities related to the plan are included in the financial statements.

11. INTERNALLY RESTRICTED SURPLUS

The Board has adopted a formal policy to accumulate and restrict estimated amounts required to meet expected future obligations. The amounts restricted as at March 31, 2014 are as follows:

	2014	2013
Lease commitments	**$ 223,300**	$ 223,300
Payroll contingency	**67,205**	66,341
Redundancy pay contingency	**729,541**	693,092
Working capital	**415,006**	426,821
	$ 1,435,052	$ 1,409,554

12. COMMITMENTS

The Board has a premises lease agreement in the amount of $18,608 per month ($223,296 per annum), concluding May 31, 2018.

The Board has a contract for telecommunications in the amount of $14,400 per annum, concluding in 2015.

13. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

14. BUDGET FIGURES

Budget figures have been provided for comparison purposes and have been derived from the estimates approved by the Board.

15. ASSESSMENT REDUCTIONS AND SUBSEQUENT EVENT

Subsequent to year end and pursuant to section 13(7) of the Public Utilities Act, the Board approved reductions in assessments to the electrical utilities, the insurance industry and the petroleum products industry in the amounts of $75,877, $180,988, and $242,239 (total $499,104).

BUSINESS INVESTMENT CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 2013

Management's Report

Management's Responsibility for the Business Investment Corporation Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and liabilities are recognized.

Management is also responsible for ensuring that transactions comply with relevant policies and authorities and are properly recorded to produce timely and reliable financial information.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial information on a quarterly basis and external audited financial statements yearly.

The Auditor General conducts an independent audit of the annual financial statements of the Corporation, in accordance with Canadian generally accepted auditing standards, in order to express an opinion thereon. The Auditor General has full and free access to financial management of the Business Investment Corporation.

On behalf of the Business Investment Corporation.

Mr. Guy Edwards, CMA, MBA Director of Portfolio Management	Ms. Sharon Patten, CGA Financial Operations Manager

July 3, 2013

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Business Investment Corporation
St. John's, Newfoundland and Labrador

Report on the Financial Statements

I have audited the accompanying financial statements of the Business Investment Corporation which comprise the statement of financial position as at March 31, 2013, and the statements of operations, remeasurement gains and losses, change in net debt, and cash flows for the year ended March 31, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independent Auditor's Report (cont.)

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Business Investment Corporation as at March 31, 2013, and its financial performance and its cash flows for the years ended March 31, 2013, in accordance with Canadian public sector accounting standards.

TERRY PADDON, CA
Auditor General

July 3, 2013
St. John's, Newfoundland and Labrador

BUSINESS INVESTMENT CORPORATION
STATEMENT OF FINANCIAL POSITION

As at March 31	2013	2012
FINANCIAL ASSETS		
Cash (Note 3)	$ 23,765,689	$ 20,937,128
Due from the Province	24,884	13,000
Bank interest receivable	20,473	17,863
HST receivable	426	2,128
Loans receivable and equity investments (Note 4)	8,176,346	9,189,658
Portfolio investments (Note 5)	-	15,930
	31,987,818	30,175,707
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	25,876	13,000
Due to the Province (Note 7)	-	41,390,455
	25,876	41,403,455
Net assets (debt)	31,961,942	(11,227,748)
NON-FINANCIAL ASSETS	-	-
Accumulated surplus (deficit)	$ 31,961,942	$ (11,227,748)
Accumulated surplus (deficit) is comprised of:		
Accumulated operating surplus (deficit)	$ 31,961,942	$ (11,234,256)
Accumulated remeasurement gains	-	6,508
	$ 31,961,942	$ (11,227,748)

Contingent liabilities (Note 8)
Contractual obligations (Note 9)

The accompanying notes are an integral part of these financial statements.

Signed on behalf of the Board:

Chairperson

Board Member

BUSINESS INVESTMENT CORPORATION
STATEMENT OF OPERATIONS
For the Year Ended March 31

	2013 Budget	2013 Actual	2012 Actual
	(Note 14)		
REVENUES			
Contributions from Province			
Business Marketing and Development Program (Note 12)	$ 1,000,000	$ 1,000,000	$ 1,000,000
Due to the Province - forgiveness (Note 7 and Note 12)	-	41,390,455	3,010,835
Other Provincial contributions (Note 12)	880,000	1,153,923	804,793
Recovery in value of loans receivable and equity investments (Note 4)	-	801,374	496,588
Interest on loans	2,300,000	573,862	524,913
Other investment income	190,000	230,096	215,981
Gain on sale of portfolio investments (Note 5)	-	8,376	-
	4,370,000	45,158,086	6,053,110
EXPENSES (Note 11)			
Business Marketing and Development Program	1,000,000	806,853	753,072
Allowance for decline in value of loans receivable and equity investments	1,500,000	-	-
Administration (Note 12)	880,000	1,153,923	804,793
Bank charges	-	1,112	2,614
Miscellaneous expense	-	-	1,338
	3,380,000	1,961,888	1,561,817
Annual operating surplus	990,000	43,196,198	4,491,293
Accumulated operating deficit, beginning of year	(11,234,256)	(11,234,256)	(15,725,549)
Accumulated operating surplus (deficit), end of year	$ (10,244,256)	$ 31,961,942	$ (11,234,256)

The accompanying notes are an integral part of these financial statements.

BUSINESS INVESTMENT CORPORATION
STATEMENT OF REMEASUREMENT GAINS AND LOSSES

For the Year Ended March 31	2013	2012
Accumulated remeasurement gains, beginning of year	**$ 6,508**	$ -
Unrealized gains attributable to:		
Portfolio investments	**1,868**	6,508
Amounts reclassified to statement of operations:		
Portfolio investments	**(8,376)**	-
Net remeasurement gains (losses) for the year	**(6,508)**	6,508
Accumulated remeasurement gains, end of year	**$ -**	$ 6,508

The accompanying notes are an integral part of these financial statements.

BUSINESS INVESTMENT CORPORATION
STATEMENT OF CHANGE IN NET DEBT
For the Year Ended March 31

	2013 Budget (Note 14)	2013 Actual	2012 Actual
Annual operating surplus	$ 990,000	$ 43,196,198	$ 4,491,293
Net remeasurement gains (losses)	-	(6,508)	6,508
Decrease in net debt	990,000	43,189,690	4,497,801
Net debt, beginning of year	(11,227,748)	(11,227,748)	(15,725,549)
Net assets (debt), end of year	$ (10,237,748)	$ 31,961,942	$ (11,227,748)

The accompanying notes are an integral part of these financial statements.

BUSINESS INVESTMENT CORPORATION
STATEMENT OF CASH FLOWS

For the Year Ended March 31	**2013**	**2012**
Operating transactions		
Annual operating surplus	**$ 43,196,198**	$ 4,491,293
Adjustment for non-cash items		
Gain on sale of portfolio investments	**(8,376)**	-
Recovery in value of loans receivable and equity investments	**(801,374)**	(496,588)
Due to the Province - forgiveness	**(41,390,455)**	(3,010,835)
	995,993	983,870
Change in non-cash working capital		
Due from the Province	**(11,884)**	-
Bank interest receivable	**(2,610)**	(210)
HST receivable	**1,702**	(2,128)
Accounts payable and accrued liabilities	**12,876**	(9,558)
Cash provided from operating transactions	**996,077**	971,974
Investing transactions		
Increase in loans and equity investments	**(1,427,796)**	(3,429,594)
Collection of loans and equity investments	**3,242,482**	2,984,260
Proceeds from portfolio investments	**17,798**	-
Cash provided from (applied to) investing transactions	**1,832,484**	(445,334)
Increase in cash	**2,828,561**	526,640
Cash, beginning of year	**20,937,128**	20,410,488
Cash, end of year	**$ 23,765,689**	$ 20,937,128

The accompanying notes are an integral part of these financial statements.

1. Nature of operations

The Business Investment Corporation (the Corporation) was established under the authority of the *Business Investment Corporation Act*. The Corporation is funded by the Province of Newfoundland and Labrador (the Province) and is responsible for making available and managing investments in small to medium sized private businesses, co-operatives, community development corporations and other enterprises for the purpose of creating employment opportunities for the people of the Province. The Corporation administers three funding programs: the Small and Medium Enterprise Fund, the Business Marketing and Development Fund and the Aquaculture Working Capital Fund. The affairs of the Corporation are managed by a Board of Directors appointed by the Lieutenant-Governor in Council.

The *Business Investment Corporation Act* came into force effective April 1, 2002. Under this *Act*, the Corporation was incorporated and became the successor to Enterprise Newfoundland and Labrador Corporation, the Fisheries Loan Board and the Farm Development Loan Board.

The Business Investment Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

2. Summary of significant accounting policies

(a) Basis of accounting

The Corporation is classified as an Other Government Organization as defined by Canadian Public Sector Accounting Standards (CPSAS). These financial statements are prepared by management in accordance with CPSAS for provincial reporting entities established by the Public Sector Accounting Board.

(b) Financial instruments

The Corporation's financial instruments recognized in the statement of financial position consist of cash, due from the Province, bank interest receivable, HST receivable, loans receivable and equity investments, and accounts payable and accrued liabilities. The Corporation generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. Financial assets and financial liabilities are initially measured at cost, which is the fair value at the time of acquisition.

The Corporation subsequently measures all of its financial assets and financial liabilities at cost or amortized cost. Financial assets measured at cost include cash, due from the Province, bank interest receivable and HST receivable. Loans receivable and equity investments are measured at amortized cost as disclosed in notes 2(d), 2(e) and 4. Financial liabilities measured at cost include accounts payable and accrued liabilities.

The carrying values of cash, due from the Province, bank interest receivable, HST receivable, and accounts payable and accrued liabilities approximate current fair value due to their nature and the short-term maturity associated with these instruments. The carrying value of loans receivable and equity investments are considered to approximate market value.

2. Summary of significant accounting policies (cont.)

(b) Financial instruments (cont.)

The Corporation uses the quoted market price as at the fiscal year end to measure the fair value of its portfolio investments. Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations.

Interest and dividends attributable to financial instruments are reported in the statement of operations.

(c) Cash

Cash includes cash in bank.

(d) Loans receivable

The Corporation records loans receivable at amortized cost. Loans receivable are tested annually for impairment. A loan is classified as impaired when, in the opinion of management, there is reasonable doubt as to the ultimate collectability of a portion of principal or interest, or when payment is contractually past due 90 days. When loans are identified as impaired, the Corporation records an allowance to reduce their carrying values to their estimated realizable amounts. Estimated realizable amounts are measured at discounted cash flows when the cash flows can be estimated with reasonable reliability, or alternatively, at the estimated net realizable value of the underlying security. Changes in the allowance are recognized in the statement of operations.

(e) Equity investments

The Corporation records equity investments at amortized cost. Equity investments are tested annually for impairment. In certain circumstances, the Corporation may have acquired the right to appoint representatives to an equity investee's board of directors or it may have a significant influence on the strategic operating, investing and financing policies of the investee. However, because of the nature of the Corporation's investment process and the manner in which these positions were acquired, such control or significant influence may not in fact be exercised or the Corporation may not intend to maintain such positions. Accordingly, the Corporation's equity investments for all companies in which the Corporation holds voting rights are accounted for on the amortized cost basis with an allowance being made for any decline in their value considered to be other than temporary. Changes in the allowance are recognized in the statement of operations.

2. Summary of significant accounting policies (cont.)

(f) Due to the Province

Prior to March 31, 2005, the Province provided funding to the Corporation to finance the loans and equity investments. The funding was to be repaid to the Province as the loans and equity investments were repaid to the Corporation. The amount due to the Province was also reduced by any write-off of the related loans receivable and equity investments in the Corporation. Since March 31, 2005, the Corporation has been permitted to retain all repayments of its loans receivable and equity investments; however, the amount due to the Province was reduced by the amount of any write-off of the related loans receivable and equity investments. In September 2012, the Province approved the write-off of the full amount of the due to the Province owed by the Corporation. This write-off was recorded as Due to the Province - forgiveness revenue of the Corporation.

(g) Revenues

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Interest income is accounted for on the accrual basis for bank interest and all loans other than the impaired portion of loans. Recognition of interest in accordance with the terms of the original loan agreement ceases when a loan becomes impaired. The impaired portion of loans may revert to accrual status only when principal and interest payments have become fully current again, at which time any interest will be recognized in that fiscal year.

Government transfers (contributions from the Province) are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

2. Summary of significant accounting policies (cont.)

(h) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is recorded as an expense in that year.

The Corporation is administered as a division of the Department of Innovation, Business and Rural Development. Expenses related to salaries, accommodations and administration are paid directly by the Department and are reflected in these financial statements as expenses of the Corporation and as revenue from the Province.

Grants under the Business Marketing and Development Program are recorded as expenses when the grant is authorized, eligibility criteria have been met by the recipient and a reasonable estimate of the amount can be made.

(i) Measurement uncertainty

The preparation of financial statements in conformity with CPSAS requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include collectability for the loans and equity investments.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

3. Cash

	2013	2012
Aquaculture Working Capital Fund	**$ 762,311**	$ 630,286
Small and Medium Enterprise Fund	**18,999,802**	16,532,950
Business Marketing and Development Fund	**4,002,874**	3,773,626
Other	**702**	266
	$ 23,765,689	$ 20,937,128

4. Loans receivable and equity investments

	2013	2012
Loans receivable		
Principal due and unpaid	$ 13,753,619	$ 15,568,826
Principal not yet due	12,087,541	13,072,106
Interest due and unpaid	1,615,657	3,227,428
	27,456,817	31,868,360
Less: allowance for decline in value	(19,445,346)	(22,839,593)
	8,011,471	9,028,767
Equity investments		
Equity investments, at cost	13,463,190	14,489,088
Less: allowance for decline in value	(13,298,315)	(14,328,197)
	164,875	160,891
Loans receivable and equity investments	**$ 8,176,346**	$ 9,189,658

Generally, for loans, the loan terms are 3 years for working capital loans, 10 years for loans for equipment purchases and leasehold improvements and 15 years for loans for the purchase or renovation of land and buildings. The interest rate on loans is fixed and ranges from 0% to 12%. The Corporation obtains security against its loans which generally consists of demand promissory notes, general security agreements, collateral mortgages and personal guarantees.

Generally, for equity investments, redemption will be the earlier of 20% of annual after tax cash flows or 7 years. There is no interest or dividend rate charged on equity investments but in some cases a return on investment is expected from declared dividends or growth of shares. The Corporation obtains security against its equity investments which generally consists of share certificates and shareholder subordination agreements.

The determination of whether a loan is impaired and the appropriate carrying value of equity investments involves significant judgment. The estimation of an appropriate allowance for decline in value of loans receivable and equity investments necessarily involves the use of estimates. These financial statements represent management's best estimates based on available information.

The allowance for decline in value represents the Corporation's best estimate of future probable losses with respect to the loans receivable and equity investments. The Corporation recognizes that future economic and industry conditions are not predictable and therefore, their impact on the future cash flows anticipated is uncertain. Consequently, adjustments to the allowance are possible depending on the impact of these future events and management's best estimate of them.

4. Loans receivable and equity investments (cont.)

The allowance for decline in value of loans receivable and equity investments consists of the following:

	2013	2012
Balance, beginning of year	**$ 37,167,790**	$ 40,904,654
Principal written off, net of recoveries	**(1,992,722)**	(3,010,835)
Interest written off, net of recoveries	**(1,630,033)**	(229,441)
Allowance for decline (recovery) in value of loans receivable and equity investments	**(801,374)**	(496,588)
Balance, end of year	**$ 32,743,661**	$ 37,167,790

5. Portfolio investments

Portfolio investments consisted of 673 shares of Sun Life Financial Services of Canada Incorporated which were given to the Corporation as a result of the demutualization of Sun Life Assurance Company of Canada. The carrying value of the shares was recognized at the fair market value of $9,422 as determined by the share price at the time of the transfer of shares to the Corporation. These shares were sold during the year at the fair market value at the time of sale of $17,798, resulting in a gain of $8,376.

6. Accounts payable and accrued liabilities

	2013	2012
Accrued salaries	**$ 10,885**	$ -
Accounts payable	**14,991**	13,000
	$ 25,876	$ 13,000

7. Due to the Province

In September 2012, the Province approved the write-off of the outstanding receivable owed by the Corporation. As a result, the Corporation extinguished its liability to the Province of $41,390,455 as at March 31, 2012 and recorded the amount as Due to the Province - forgiveness.

8. Contingent liabilities

A client of the Corporation has taken legal action as a result of certain alleged technical problems that the client claims to have experienced with a vessel that was financed through the former Fisheries Loan Board Program. The amount of this potential claim is in the $900,000 to $1,100,000 range. In a matter related to this legal action, another party has been awarded a claim of $1,800,000. The Province will not appeal this decision.

9. Contractual obligations

The Corporation has contractual obligations in respect of approved but not yet disbursed loans, equity investments and grants in the amount of $2,885,344 (2012 - $2,026,795).

10. Financial risk management

The Corporation recognizes the importance of managing risks and this includes policies, procedures and oversight designed to reduce risks identified to an appropriate threshold. The risks that the Corporation is exposed to through its financial instruments are credit risk, liquidity risk and market risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's main credit risk relates to cash, due from the Province, bank interest receivable, HST receivable, loans receivable and equity investments. The Corporation's maximum exposure to credit risk is the carrying amounts of these financial instruments. The Corporation is not exposed to significant credit risk with its cash because this financial instrument is held with a Chartered Bank. The Corporation is not exposed to significant credit risk with due from the Province, bank interest receivable and HST receivable because of their nature.

The Corporation is exposed to credit risk related to its loans receivable and equity investments. The Corporation has policies and procedures for the monitoring and collection of its loans receivable and equity investments, including security being held, so as to mitigate potential credit losses. The Corporation classifies its loan receivables and equity investments as impaired in accordance with note 2(d) and note 4. Any estimated impairment of loans receivable and equity investments has been provided for through an allowance for decline in value as disclosed in note 4. Loans receivable and equity investments which are not impaired or past due are considered collectible by the Corporation.

10. Financial risk management (cont.)

Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to meet its contractual obligations and financial liabilities. The Corporation's exposure to liquidity risk relates mainly to its accounts payable and accrued liabilities and its ability to meet its contractual obligations for approved but not yet disbursed loans, equity investments and grants. The Corporation manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its financial liabilities and contractual obligations.

Market risk

Market risk is the risk that the fair value of expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency (foreign exchange) risk, interest rate risk and other risk. The Corporation is not exposed to significant foreign exchange or other risk. In addition, the Corporation is not exposed to significant interest rate risk as its loans and equity investments are provided at fixed interest rates.

11. Expenses by Object

The following is a summary of expenses by object:

	2013	2012
Bank charges	$ 1,112	$ 2,614
Grants and subsidies	808,255	755,808
Miscellaneous	-	1,338
Professional services	14,400	14,400
Property, furnishings and equipment	3,002	1,115
Purchased services	72,793	46,746
Salaries and benefits	1,040,848	710,908
Supplies	6,485	8,399
Transportation and communication	14,993	20,489
	$ 1,961,888	$ 1,561,817

12. Related party transactions

The Corporation had the following transactions with the Province:

	2013	2012
Business Marketing and Development Program	$ 1,000,000	$ 1,000,000
Due to the Province - forgiveness	41,390,455	3,010,835
Other Provincial contributions	1,153,923	804,793
	$ 43,544,378	$ 4,815,628

The Corporation is administered as a division of the Department of Innovation, Business and Rural Development. Administration expenses $1,153,923 (2012 - $804,793) are paid directly by the Province and are reflected in these financial statements as expenses of the Corporation and as revenue from the Province. Included in this total is $110,933 related to the employer's share of employee benefits, paid by the Department of Finance on behalf of the Corporation.

13. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

14. Budget

The Corporation's budget has been provided for comparison purposes and has been derived from the estimates approved by the management of the Corporation.

BUSINESS INVESTMENT CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 2014

Management's Report

Management's Responsibility for the Business Investment Corporation Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and liabilities are recognized.

Management is also responsible for ensuring that transactions comply with relevant policies and authorities and are properly recorded to produce timely and reliable financial information.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial information on a quarterly basis and external audited financial statements yearly.

The Auditor General conducts an independent audit of the annual financial statements of the Corporation, in accordance with Canadian generally accepted auditing standards, in order to express an opinion thereon. The Auditor General has full and free access to financial management of the Business Investment Corporation.

On behalf of the Business Investment Corporation.

Mr. Guy Edwards, CMA, MBA
Director of Portfolio Management

June 27, 2014

AUDITOR
GENERAL
of Newfoundland and Labrador

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Business Investment Corporation
St. John's, Newfoundland and Labrador

Report on the Financial Statements

I have audited the accompanying financial statements of the Business Investment Corporation which comprise the statement of financial position as at March 31, 2014, and the statements of operations, remeasurement gains and losses, change in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independent Auditor's Report (cont.)

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Business Investment Corporation as at March 31, 2014, and its financial performance and its cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

TERRY PADDON, CA
Auditor General

June 27, 2014
St. John's, Newfoundland and Labrador

BUSINESS INVESTMENT CORPORATION
STATEMENT OF FINANCIAL POSITION

As at March 31	2014	2013
FINANCIAL ASSETS		
Cash (Note 3)	$ 24,430,225	$ 23,765,689
Due from the Province	24,188	24,884
Bank interest receivable	20,521	20,473
HST receivable	912	426
Loans receivable and equity investments (Note 4)	9,843,434	8,176,346
	34,319,280	31,987,818
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	52,713	25,876
	52,713	25,876
Net financial assets	34,266,567	31,961,942
NON-FINANCIAL ASSETS	-	-
Accumulated surplus	$ 34,266,567	$ 31,961,942

Contingent liabilities (Note 6)
Contractual obligations (Note 7)

The accompanying notes are an integral part of these financial statements.

Signed on behalf of the Board: ______________________ **Chairperson** ______________________ **Board Member**

BUSINESS INVESTMENT CORPORATION

STATEMENT OF OPERATIONS

For the Year Ended March 31

	2014 Budget (Note 11)	2014 Actual	2013 Actual
REVENUES			
Contributions from Province			
Business Development Support Program (Note 10)	$ 3,400,000	$ 3,456,135	$ 1,000,000
Other Provincial contributions (Note 10)	1,136,400	1,125,420	1,153,923
Due to the Province - forgiveness (Note 10)	-	-	41,390,455
Interest on loans	500,000	514,755	573,862
Other investment income	230,000	245,892	230,096
Recovery in value of loans receivable and equity investments (Note 4)	2,100,000	190,500	801,374
Gain on sale of portfolio investments	-	-	8,376
	7,366,400	5,532,702	45,158,086
EXPENSES (Note 9)			
Administration (Note 10)	1,115,100	1,125,420	1,153,923
Allowance for decline in value of loans receivable and equity investments	400,000	-	-
Bank charges	1,300	2,278	1,112
Business Development Support Program	3,200,000	2,100,379	806,353
	4,716,400	3,228,077	1,961,888
Annual surplus	2,650,000	2,304,625	43,196,198
Accumulated surplus (deficit), beginning of year	31,961,942	31,961,942	(11,234,256)
Accumulated surplus, end of year	$ 34,611,942	$ 34,266,567	$ 31,961,942

The accompanying notes are an integral part of these financial statements.

BUSINESS INVESTMENT CORPORATION
STATEMENT OF REMEASUREMENT GAINS AND LOSSES

For the Year Ended March 31	2014	2013
Accumulated remeasurement gains, beginning of year	$ -	$ 6,508
Unrealized gains attributable to:		
Portfolio investments	-	1,868
Amounts reclassified to statement of operations:		
Portfolio investments	-	(8,376)
Net remeasurement (losses) for the year	-	(6,508)
Accumulated remeasurement gains, end of year	$ -	$ -

The accompanying notes are an integral part of these financial statements.

BUSINESS INVESTMENT CORPORATION
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended March 31

	2014 Budget	2014 Actual	2013 Actual
	(Note 11)		
Annual surplus	$ 2,650,000	$ 2,304,625	$ 43,196,198
Net remeasurement gains (losses)	-	-	(6,508)
Increase in net assets / decrease in net debt	2,650,000	2,304,625	43,189,690
Net financial assets (debt), beginning of year	31,961,942	31,961,942	(11,227,748)
Net financial assets, end of year	$ 34,611,942	$ 34,266,567	$ 31,961,942

The accompanying notes are an integral part of these financial statements.

BUSINESS INVESTMENT CORPORATION
STATEMENT OF CASH FLOWS

For the Year Ended March 31	2014	2013
Operating transactions		
Annual surplus	$ 2,304,625	$ 43,196,198
Adjustment for non-cash items		
Gain on sale of portfolio investments	-	(8,376)
Recovery in value of loans receivable and equity investments	(190,500)	(801,374)
Due to the Province - forgiveness	-	(41,390,455)
	2,114,125	995,993
Change in non-cash working capital		
Due from the Province	696	(11,884)
Bank interest receivable	(48)	(2,610)
HST receivable	(486)	1,702
Accounts payable and accrued liabilities	26,837	12,876
Cash provided from operating transactions	2,141,124	996,077
Investing transactions		
Increase in loans and equity investments	(4,326,962)	(1,427,796)
Collection of loans and equity investments	2,850,374	3,242,482
Proceeds from portfolio investments	-	17,798
Cash provided from (applied to) investing transactions	(1,476,588)	1,832,484
Increase in cash	664,536	2,828,561
Cash, beginning of year	23,765,689	20,937,128
Cash, end of year	$ 24,430,225	$ 23,765,689

The accompanying notes are an integral part of these financial statements.

1. Nature of operations

The Business Investment Corporation (the Corporation) was established under the authority of the *Business Investment Corporation Act*. The Corporation is funded by the Province of Newfoundland and Labrador (the Province) and is responsible for making available and managing investments in small to medium sized private businesses, co-operatives, community development corporations and other enterprises for the purpose of creating employment opportunities for the people of the Province. The Corporation administers three funding programs: the Business Investment Program, the Business Development Support Program and the Aquaculture Working Capital Fund. The affairs of the Corporation are managed by a Board of Directors appointed by the Lieutenant-Governor in Council.

The *Business Investment Corporation Act* came into force effective April 1, 2002. Under this *Act*, the Corporation was incorporated and became the successor to Enterprise Newfoundland and Labrador Corporation, the Fisheries Loan Board and the Farm Development Loan Board.

The Business Investment Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

2. Summary of significant accounting policies

(a) Basis of accounting

The Corporation is classified as an Other Government Organization as defined by Canadian Public Sector Accounting Standards (CPSAS). These financial statements are prepared by management in accordance with CPSAS for provincial reporting entities established by the Public Sector Accounting Board. Outlined below are the significant accounting policies followed.

(b) Financial instruments

The Corporation's financial instruments recognized in the statement of financial position consist of cash, due from the Province, bank interest receivable, HST receivable, loans receivable and equity investments, and accounts payable and accrued liabilities. The Corporation generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. Financial assets and financial liabilities are initially measured at cost, which is the fair value at the time of acquisition.

The Corporation subsequently measures all of its financial assets and financial liabilities at cost or amortized cost. Financial assets measured at cost include cash, due from the Province, bank interest receivable and HST receivable. Loans receivable and equity investments are measured at amortized cost as disclosed in notes 2(d), 2(e) and 4. Financial liabilities measured at cost include accounts payable and accrued liabilities.

2. Summary of significant accounting policies (cont.)

(b) Financial instruments (cont.)

The carrying values of cash, due from the Province, bank interest receivable, HST receivable, and accounts payable and accrued liabilities approximate current fair value due to their nature and the short-term maturity associated with these instruments. The carrying value of loans receivable and equity investments are considered to approximate market value.

Interest attributable to financial instruments is reported in the statement of operations.

(c) Cash

Cash includes cash in bank.

(d) Loans receivable

The Corporation records loans receivable at amortized cost. Loans receivable are tested annually for impairment. A loan is classified as impaired when, in the opinion of management, there is reasonable doubt as to the ultimate collectability of a portion of principal or interest, or when payment is contractually past due 90 days. When loans are identified as impaired, the Corporation records an allowance to reduce their carrying values to their estimated realizable amounts. Estimated realizable amounts are measured at discounted cash flows when the cash flows can be estimated with reasonable reliability. Changes in the allowance are recognized in the statement of operations.

(e) Equity investments

The Corporation records equity investments at amortized cost. The Corporation's equity investments for all companies are accounted for on the amortized cost basis with an allowance being made for any decline in their value considered to be other than temporary. Equity investments are tested annually for impairment and changes in the allowance for impaired investments are recognized in the statement of operations.

2. Summary of significant accounting policies (cont.)

(f) Revenues

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Interest income is accounted for on the accrual basis for bank interest and all loans other than the impaired portion of loans. Recognition of interest in accordance with the terms of the original loan agreement ceases when a loan becomes impaired. The impaired portion of loans may revert to accrual status only when principal and interest payments have become fully current again, at which time any interest will be recognized in that fiscal year.

Government transfers (contributions from the Province) are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

(g) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is recorded as an expense in that year.

The Corporation is administered as a division of the Department of Innovation, Business and Rural Development. Expenses related to salaries, accommodations and administration are paid directly by the Department and are reflected in these financial statements as expenses of the Corporation and as revenue from the Province.

Transfers (grants under the Business Development Support Program) are recorded as expenses when the grant is authorized, eligibility criteria have been met by the recipient and a reasonable estimate of the amount can be made.

(h) Measurement uncertainty

The preparation of financial statements in conformity with CPSAS requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include collectability of the loans and equity investments.

2. Summary of significant accounting policies (cont.)

(h) Measurement uncertainty (cont.)

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

3. Cash

	2014	2013
Aquaculture Working Capital Fund	$ 783,922	$ 762,311
Business Investment Program	18,225,097	18,999,802
Business Development Support Program	5,420,999	4,002,874
Other	207	702
	$ 24,430,225	$ 23,765,689

4. Loans receivable and equity investments

	2014	2013
Loans receivable		
Principal due and unpaid	$ 10,307,113	$ 13,753,619
Principal not yet due	12,150,040	12,087,541
Interest due and unpaid	1,206,004	1,615,657
	23,663,157	27,456,817
Less: allowance for decline in value	(13,998,812)	(19,445,346)
	9,664,345	8,011,471
Equity investments		
Equity investments, at cost	12,675,731	13,463,190
Less: allowance for decline in value	(12,496,642)	(13,298,315)
	179,089	164,875
Loans receivable and equity investments	$ 9,843,434	$ 8,176,346

4. Loans receivable and equity investments (cont.)

Generally, for loans, the loan terms are 3 years for working capital loans, 10 years for loans for equipment purchases and leasehold improvements and 15 years for loans for the purchase or renovation of land and buildings. The interest rate on loans is fixed and ranges from 0% to 12%. The Corporation obtains security against its loans which generally consists of demand promissory notes, general security agreements, collateral mortgages and personal guarantees.

Generally, for equity investments, redemption will be the earlier of 20% of annual after tax cash flows or 7 years. There is no interest or dividend rate charged on equity investments but in some cases a return on investment is expected from declared dividends or growth of shares. The Corporation obtains security against its equity investments which generally consists of share certificates and shareholder subordination agreements.

The determination of whether a loan is impaired and the appropriate carrying value of equity investments involve significant judgment. The estimation of an appropriate allowance for decline in value of loans receivable and equity investments necessarily involves the use of estimates. These financial statements represent management's best estimates based on available information.

The allowance for decline in value represents the Corporation's best estimate of future probable losses with respect to the loans receivable and equity investments. The Corporation recognizes that future economic and industry conditions are not predictable and therefore, their impact on the future cash flows anticipated is uncertain. Consequently, adjustments to the allowance are possible depending on the impact of these future events and management's best estimate of them.

The allowance for decline in value of loans receivable and equity investments consists of the following:

	2014	2013
Balance, beginning of year	**$ 32,743,661**	$ 37,167,790
Principal written off, net of recoveries	**(5,624,131)**	(1,992,722)
Interest written off, net of recoveries	**(433,576)**	(1,630,033)
Recovery in value of loans receivable and equity investments	**(190,500)**	(801,374)
Balance, end of year	**$ 26,495,454**	$ 32,743,661

5. Accounts payable and accrued liabilities

	2014	2013
Accrued salaries	$ 10,188	$ 10,885
Accounts payable	14,000	14,991
Business Development Support Program	23,835	-
Business Investment Program	4,690	-
	$ 52,713	$ 25,876

6. Contingent liabilities

A client of the Corporation has taken legal action as a result of certain alleged technical problems that the client claims to have experienced with a vessel that was financed through the former Fisheries Loan Board. The amount of this potential claim is in the range of $900,000 to $1,100,000. No provision has been made for this claim as the likelihood of loss is not determinable at this time.

7. Contractual obligations

The Corporation has contractual obligations in respect of approved but not yet disbursed loans, equity investments and grants in the amount of $2,791,805 (2013 - $2,885,344).

8. Financial risk management

The Corporation recognizes the importance of managing risks and this includes policies, procedures and oversight designed to reduce risks identified to an appropriate threshold. The Corporation is exposed to credit risk, liquidity risk and market risk through its financial instruments. There was no significant change in the Corporation's exposure to these risks or its processes for managing these risks from the prior year.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's main credit risk relates to cash, due from the Province, bank interest receivable, HST receivable, loans receivable and equity investments. The Corporation's maximum exposure to credit risk is the carrying amounts of these financial instruments. The Corporation is not exposed to significant credit risk with its cash because this financial instrument is held with a Chartered Bank. The Corporation is not exposed to significant credit risk with due from the Province, bank interest receivable and HST receivable because of their nature.

8. Financial risk management (cont.)

The Corporation is exposed to credit risk related to its loans receivable and equity investments. The Corporation has policies and procedures for the monitoring and collection of its loans receivable and equity investments, including security being held, so as to mitigate potential credit losses. The Corporation classifies its loan receivables and equity investments as impaired in accordance with note 2(d), 2(e) and note 4. Any estimated impairment of loans receivable and equity investments has been provided for through an allowance for decline in value as disclosed in note 4. Loans receivable and equity investments which are not impaired or past due are considered collectible by the Corporation.

As disclosed in note 4, the Corporation reported loans receivable totaling $23,663,157 as at March 31, 2014 (2013 - $27,456,817). Principal due and unpaid of $10,307,113 (2013 - $13,753,619) was overdue by portfolio as follows.

Loan Portfolio	Days Overdue				
	1-30	31-60	61-90	>90	Total
Aquaculture Working Capital Fund	$ -	$ -	$ -	$ 592,734	$ 592,734
Business Investment Corporation	38,712	10,813	8,379	865,616	923,520
Former Enterprise Newfoundland and Labrador	4,398	4,337	4,422	7,375,543	7,388,700
Former Farm Loan Board	-	-	-	710,309	710,309
Former Fisheries Loan Board	-	-	-	691,850	691,850
Total Principal Past Due	**$ 43,110**	**$ 15,150**	**$ 12,801**	**$10,236,052**	**$ 10,307,113**

Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to meet its contractual obligations and financial liabilities. The Corporation's exposure to liquidity risk relates mainly to its accounts payable and accrued liabilities and its ability to meet its contractual obligations for approved but not yet disbursed loans, equity investments and grants as outlined in Note 7. The Corporation manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its financial liabilities and contractual obligations.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency (foreign exchange) risk, interest rate risk and other price risk. The Corporation is not exposed to significant foreign exchange or other price risk. In addition, the Corporation is not exposed to significant interest rate risk as its loans and equity investments are provided at fixed interest rates.

9. Expenses by Object

The following is a summary of expenses by object:

	2014	2013
Bank charges	$ 2,278	$ 1,112
Grants and subsidies	2,100,379	808,255
Professional services	14,000	14,400
Property, furnishings and equipment	163	3,002
Purchased services	82,677	72,793
Salaries and benefits	1,000,819	1,040,848
Supplies	9,373	6,485
Transportation and communication	18,388	14,993
	$ 3,228,077	$ 1,961,888

10. Related party transactions

The Corporation had the following transactions with the Province:

	2014	2013
Business Development Support Program	$ 3,456,135	$ 1,000,000
Other Provincial contributions	1,125,420	1,153,923
Due to the Province - forgiveness	-	41,390,455
	$ 4,581,555	$ 43,544,378

The Corporation is administered as a division of the Department of Innovation, Business and Rural Development. Administration expenses $1,125,420 (2013 - $1,153,923) are paid directly by the Province and are reflected in these financial statements as expenses of the Corporation and as revenue from the Province. Included in this total is $107,183 (2013 - $110,933) related to the employer's share of employee benefits, paid by the Department of Finance on behalf of the Corporation.

11. Budget

The Corporation's budget has been provided for comparison purposes and has been derived from the estimates approved by the management of the Corporation.

C.A. PIPPY PARK COMMISSION

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

Management's Report

Management's Responsibility for the C.A. Pippy Park Commission Consolidated Financial Statements

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and liabilities are recognized.

Management is also responsible for ensuring that transactions comply with relevant policies and authorities and are properly recorded to produce timely and reliable financial information.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial information periodically and external audited consolidated financial statements yearly.

The Auditor General conducts an independent audit of the annual consolidated financial statements of the Commission in accordance with Canadian generally accepted auditing standards, in order to express an opinion thereon. The Auditor General has full and free access to financial management of the C.A. Pippy Park Commission.

On behalf of the C.A. Pippy Park Commission.

Mr. Ric Mercer
Executive Director

AUDITOR
GENERAL
of Newfoundland and Labrador

INDEPENDENT AUDITOR'S REPORT

To the Chairperson and Members of the Board of Directors
C.A. Pippy Park Commission
St. John's, Newfoundland and Labrador

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the C.A. Pippy Park Commission which comprise the consolidated statement of financial position as at March 31, 2014, the consolidated statements of operations, change in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

Independent Auditor's Report (cont.)

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion the consolidated financial statements present fairly, in all material respects, the financial position of the C.A. Pippy Park Commission as at March 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

TERRY PADDON, CA
Auditor General

July 11, 2014
St. John's, Newfoundland and Labrador

C.A. PIPPY PARK COMMISSION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31

	2014	2013
FINANCIAL ASSETS		
Cash	$ 750,019	$ 520,169
Accounts receivable (Note 4)	40,876	34,267
Inventories held for resale	18,185	23,622
	809,080	578,058
LIABILITIES		
Accounts payable and accrued liabilities	107,527	156,255
Deferred revenue (Note 5)	98,074	92,101
Obligations under capital leases (Note 6)	141,087	114,190
Employee future benefits (Note 7)	224,015	208,217
Advance from Province of Newfoundland and Labrador (Note 8)	250,000	250,000
	820,703	820,763
Net debt	(11,623)	(242,705)
NON-FINANCIAL ASSETS		
Prepaid expenses	20,329	19,223
Inventories held for use	16,967	16,316
Tangible capital assets (Note 9)	9,115,845	9,267,717
	9,153,141	9,303,256
Accumulated surplus	$ 9,141,518	$ 9,060,551

Contractual obligations (Note 14)

The accompanying notes are an integral part of these financial statements.

Signed on behalf of the Board: ______ **Chairperson** ______ **Member**

C.A. PIPPY PARK COMMISSION
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended March 31

	2014 Budget	2014 Actual	2013 Actual
	(Note 17)		
REVENUES (Note 11)			
Province of Newfoundland and Labrador			
Operating grant	$ 523,000	$ 523,000	$ 579,000
Golf course (Note 12)	1,015,700	1,041,112	1,000,996
Trailer park (Note 13)	585,700	572,574	585,956
Services	265,000	285,575	262,196
Rental	60,000	54,103	64,071
Driving range	50,000	50,961	54,224
Miscellaneous	10,000	11,953	12,113
Advertising	12,000	11,062	11,912
Interest	-	6,208	4,971
	2,521,400	2,556,548	2,575,439
EXPENSES (Note 11)			
Golf course	1,000,912	983,647	973,062
Trailer park	301,500	267,212	257,519
General park	589,500	497,919	505,003
Administration and other	905,500	726,803	784,327
	2,797,412	2,475,581	2,519,911
Annual (deficit) surplus	(276,012)	80,967	55,528
Accumulated surplus, beginning of year	9,060,551	9,060,551	9,005,023
Accumulated surplus, end of year	$ 8,784,539	$ 9,141,518	$ 9,060,551

The accompanying notes are an integral part of these financial statements.

C.A. PIPPY PARK COMMISSION
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
For the Year Ended March 31

	2014 Budget (Note 17)	2014 Actual	2013 Actual
Annual (deficit) surplus	$ (276,012)	$ 80,967	$ 55,528
Changes in tangible capital assets			
Acquisition of tangible capital assets	-	(110,270)	(35,705)
Loss on disposal of tangible capital assets	-	1,620	341
Amortization of tangible capital assets	290,000	260,522	283,267
	290,000	151,872	247,903
Changes in other non-financial assets			
Use of prepaid expenses	-	19,223	17,785
Acquisition of prepaid expenses	-	(20,329)	(19,223)
Net acquisition of inventories held for use	-	(651)	(969)
	-	(1,757)	(2,407)
Decrease in net debt	13,988	231,082	301,024
Net debt, beginning of year	(242,705)	(242,705)	(543,729)
Net debt, end of year	$ (228,717)	$ (11,623)	$ (242,705)

The accompanying notes are an integral part of these financial statements.

C.A. PIPPY PARK COMMISSION
CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended March 31	2014	2013
Cash flows from operating activities		
Annual surplus	$ 80,967	$ 55,528
Adjustment for non-cash items		
Amortization	260,522	283,267
Loss on disposal of tangible capital assets	1,620	341
	343,109	339,136
Changes in non-cash working capital		
Accounts receivable	(6,609)	(8,959)
Inventories held for resale	5,437	6,441
Prepaid expenses	(1,106)	(1,438)
Inventories held for use	(651)	(969)
Accounts payable and accrued liabilities	(48,728)	32,718
Deferred revenue	5,973	13,192
Employee future benefits	15,798	(58,159)
Cash provided from operating transactions	313,223	321,962
Capital transactions		
Additions to tangible capital assets - purchased from operations	(25,653)	(25,505)
Additions to tangible capital assets - purchased under capital lease	(84,617)	(10,200)
Cash applied to capital transactions	(110,270)	(35,705)
Financing transactions		
Increase in capital lease obligations	84,617	10,200
Repayment of capital lease obligations	(57,720)	(80,905)
Cash provided from (applied to) financial transactions	26,897	(70,705)
Net increase in cash	229,850	215,552
Cash, beginning of year	520,169	304,617
Cash, end of year	$ 750,019	$ 520,169

The accompanying notes are an integral part of these financial statements.

1. Nature of operations

The C.A. Pippy Park Commission (the Commission) was incorporated in 1968 and operates under the authority of the *Pippy Park Commission Act.* The purpose of the Commission is to provide a park-like setting to house the headquarters of the Provincial Government, as well as various government, cultural, educational facilities and Memorial University of Newfoundland. Its affairs are managed by a Board of Commissioners, the majority of whom are appointed by the Lieutenant-Governor in Council.

The C.A. Pippy Park Golf Course Limited (the Golf Course) was incorporated on January 6, 2006, under the *Corporations Act.* It is a wholly owned subsidiary of the Commission, incorporated in accordance with Section 25(b)(i) of the *Pippy Park Commission Act.* Its purpose is to manage the Pippy Park Golf Course.

The Commission is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

2. Summary of significant accounting policies

(a) Basis of accounting

The Commission is classified as an Other Government Organization as defined by Canadian Public Sector Accounting Standards (CPSAS). These consolidated financial statements are prepared by management in accordance with CPSAS for provincial reporting entities established by the Public Sector Accounting Board (PSAB). The Commission does not prepare a statement of remeasurement gains and losses as the Commission does not enter into relevant transactions or circumstances that are addressed by that statement.

The consolidated financial statements include the assets, liabilities and accumulated surplus of the C.A. Pippy Park Commission and its subsidiary corporation, C.A. Pippy Park Golf Course Limited. Inter-entity transactions and balances have been eliminated in these consolidated financial statements.

(b) Financial instruments

The Commission's financial instruments recognized in the consolidated statement of financial position consist of cash, accounts receivable, accounts payable and accrued liabilities and obligations under capital leases. The Commission generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. Financial assets and financial liabilities are initially measured at cost, which is the fair value at the time of acquisition.

2. Summary of significant accounting policies (cont.)

(b) Financial instruments (cont.)

The Commission subsequently measures all of its financial assets and financial liabilities at cost or amortized cost. Of the financial assets, cash is measured at cost while accounts receivable is measured at amortized cost. Financial liabilities measured at cost include accounts payable and accrued liabilities. Obligations under capital leases are recorded at amortized cost.

The carrying values of cash, accounts receivable, accounts payable and accrued liabilities, and obligations under capital leases approximate current fair value due to their nature and/or the short-term maturity associated with these instruments.

Interest attributable to financial instruments is reported on the consolidated statement of operations.

(c) Cash

Cash includes cash in bank.

(d) Tangible capital assets

All tangible capital assets are recorded at cost at the time of acquisition, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets.

Capital lease obligations are recorded at the present value of the minimum lease payments excluding executor costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the interest rate implicit in the lease.

The cost, less residual value, of the tangible capital assets, is amortized using the declining balance method over the expected useful lives as follows:

Furniture and equipment	30%
Vehicles	30%
Equipment under capital leases	30%
Buildings	10%
Park improvements	10%
Golf course improvements	10%

The cost of building acquisitions is included with land where the primary reason for purchasing the properties is to acquire the land. Where the Commission intends to maintain the buildings for Park use, cost is allocated between land and buildings.

2. Summary of significant accounting policies (cont.)

(d) Tangible capital assets (cont.)

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Commission's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

(e) Inventories held for resale

Inventories held for resale, including confectionary and golf supplies, are recorded at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

(f) Inventories held for use

Inventories held for use include supplies and are recorded at the lower of historical cost and replacement cost.

(g) Prepaid expenses

Prepaid expenses are recorded as an expense over the periods expected to benefit from it.

(h) Employee future benefits

(i) Certain employees of the Commission are entitled to severance pay. Severance pay for entitled employees is calculated based on years of service and current salary levels. Entitlement to severance pay vests with employees after nine years of continuous service and, accordingly, a liability has been recorded for these employees. For employees with less than nine years of continuous service, the Commission has made a provision in the accounts for the payment of severance which is based upon the Commission's best estimate of the probability of having to pay severance to the employees and current salary levels. Severance is payable when the employee ceases employment with the Commission unless the employee transfers to another entity in the public service in which case the liability is transferred with the employee to the other entity.

(ii) The employees of the Commission represented by the Newfoundland and Labrador Association of Public and Private Employees (NAPE) and certain management employees are subject to the *Public Service Pensions Act, 1991*. Employee contributions are matched by the Commission and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. Contributions of the Commission to the plan are recorded as an expense for the year.

2. Summary of significant accounting policies (cont.)

(h) Employee future benefits (cont.)

(iii) The Commission provides accumulating, non-vesting sick leave benefits to its employees. The Commission has made a provision in the accounts for the payment of accumulating non-vesting sick leave benefits for employees which is based upon the Commission's best estimate of the probability of the employees utilizing the benefits and current salary levels. The accumulating non-vesting sick leave benefits cease upon termination of employment with the Commission.

(i) Revenues

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Revenue related to fees or services received in advance of the fee being earned or the service being performed is deferred and recognized as revenue in the fiscal year the fee is earned or the service is performed.

The Commission recognizes government transfers as revenues when the transfer is authorized and any eligibility criteria are met, except when and to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations as the stipulation liabilities are settled. Government transfers consist of an operating grant from the Province of Newfoundland and Labrador.

(j) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is recorded as an expense in that year.

(k) Measurement uncertainty

The preparation of consolidated financial statements in conformity with CPSAS requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the expected future life of tangible capital assets and estimated employee future benefits.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these consolidated financial statements. Actual results could differ from these estimates.

3. Accounting pronouncement

In June 2010, the PSAB approved Section PS 3260, *Liability for Contaminated Sites*. This section is effective for fiscal years beginning on or after April 1, 2014, for government organizations. The Section establishes recognition, measurement and disclosure standards for liabilities relating to contaminated sites of government organizations. The Commission is evaluating the impact of this new section.

4. Accounts receivable

	2014	2013
Trade	$ 38,502	$ 21,359
Harmonized sales tax	8,082	18,616
	46,584	39,975
Less: allowance for doubtful accounts	(5,708)	(5,708)
Net accounts receivable	$ 40,876	$ 34,267

5. Deferred revenue

	2014	2013
Golf course	$ 68,906	$ 63,108
Clubhouse	12,840	14,344
Rental	7,840	8,919
Trailer park	8,488	5,730
	$ 98,074	$ 92,101

Golf course deferred revenue relates to golf packages and gift certificates sold during the fiscal year that relate to the 2014 golf season. Clubhouse deferred revenue relates to deposits received on salon rentals for future periods. Rental deferred revenue relates to deposits received on reservations at the Northbank Lodge for future periods and a property lease payment received that relates to the 2014-15 fiscal year. Trailer park deferred revenue relates to deposits received on reservations.

6. Obligations under capital leases

The Commission has financed property for golf course operations, general park and administration through capital leases.

	2014	2013
Obligations under capital leases	$ 141,087	$ 114,190

6. Obligations under capital leases (cont.)

Future minimum lease payments under capital leases are:

2015	$ 62,091
2016	54,885
2017	23,522
2018	14,103
	154,601
Less: interest portion of payments	13,514
	$ 141,087

The capital leases are secured by equipment having a net book value of $160,052.

7. Employee future benefits

	2014	2013
Vested severance benefits	$ 118,038	$ 112,325
Non-vested severance benefits	40,449	34,218
Provision for accumulating, non-vesting, sick leave	65,528	61,674
	$ 224,015	$ 208,217

Pension contributions

The employees of the Commission represented by the NAPE and certain management employees are subject to the *Public Service Pensions Act, 1991*. The Government of Newfoundland and Labrador administers the Public Service Pension Plan, including payment of pension benefits to employees to whom the *Act* applies. The Public Service Pension Plan is a multi-employer, defined benefit plan.

The plan provides a pension to employees based on the age of its members at retirement, length of service and the average of their best five years of earnings. The maximum contribution rate for eligible employees was 8.6% (2013 - 8.6%). The Commission contributes an amount equal to the employee contributions to the plan. The Commission is not required to make contributions in respect of any actuarial deficiencies of the plan. Total pension expense for the Commission for the year ended March 31, 2014, was $52,074 (2013 - $57,712).

8. Advance from Province of Newfoundland and Labrador

On March 30, 2001, the Commission received a repayable advance in the amount of $250,000 from the Province of Newfoundland and Labrador. There are no set terms of repayment. The advance payable remained outstanding at year end.

9. Tangible capital assets

Original cost

	Balance March 31, 2013	Additions	Disposals	Balance March 31, 2014
Park				
Land	$ 5,429,850	$ -	$ -	$ 5,429,850
Furniture and equipment	298,042	3,022	19,840	281,224
Vehicles	24,106	-	-	24,106
Equipment under capital leases	108,023	39,914	6,112	141,825
Buildings	1,689,605	-	-	1,689,605
Park improvements	1,791,558	-	-	1,791,558
Golf course				
Land	1,809,696	-	-	1,809,696
Golf course improvements	1,346,311	-	-	1,346,311
Buildings	530,469	-	-	530,469
Equipment under capital leases	218,134	44,703	-	262,837
Furniture and equipment	384,708	22,631	939	406,400
	$ 13,630,502	$ 110,270	$ 26,891	$ 13,713,881

9. Tangible capital assets (cont.)

Accumulated amortization

	Balance March 31, 2013	Amortization	Accumulated amortization on disposals	Balance March 31, 2014	Net book value March 31, 2014	Net book value March 31, 2013
Park						
Land	$ -	$ -	$ -	$ -	**$ 5,429,850**	$ 5,429,850
Furniture and equipment	275,634	6,994	19,513	263,115	**18,109**	22,408
Vehicles	23,824	85	-	23,909	**197**	282
Equipment under capital leases	92,217	10,729	5,052	97,894	**43,931**	15,806
Buildings	1,343,627	34,266	-	1,377,893	**311,712**	345,978
Park improvements	1,160,189	62,250	-	1,222,439	**569,119**	631,369
Golf course						
Land	-	-	-	-	**1,809,696**	1,809,696
Golf course improvements	754,566	59,175	-	813,741	**532,570**	591,745
Buildings	284,414	24,606	-	309,020	**221,449**	246,055
Equipment under capital leases	106,530	40,186	-	146,716	**116,121**	111,604
Furniture and equipment	321,784	22,231	706	343,309	**63,091**	62,924
	$ 4,362,785	$ 260,522	$ 25,271	$ 4,598,036	**$ 9,115,845**	$ 9,267,717

9. Tangible capital assets (cont.)

(a) Tangible capital assets not included in consolidated financial statements

Land purchased directly by the Provincial Government and forming part of C.A. Pippy Park is not recorded in these consolidated financial statements. The land recorded in these consolidated financial statements represents land purchased directly by the Commission.

Capital improvements made by third parties are not recorded in these consolidated financial statements.

(b) Title to Commission property

Under Section 10(4) of the *Pippy Park Commission Act*, title to property of the Commission is vested in the name of the Minister of Environment and Conservation, for the Crown.

10. Related party transactions

(a) During the year, the Commission received an operating grant of $523,000 (2013 - $579,000) from the Province.

(b) Services and rental revenue include revenues from the Province in the amount of $245,425 (2013 - $228,011) as a result of ongoing contracts.

11. Segmented information

The Commission reports its revenue and expenses by program area.

	Golf course		Trailer park		General park		Administration		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenues										
Province of Newfoundland and Labrador operating grant	$ -	$ -	$ -	$ -	$ -	$ -	$ 523,000	$579,000	$523,000	$579,000
Golf course (Note 12)	1,041,112	1,000,996	-	-	-	-	-	-	1,041,112	1,000,996
Trailer park (Note 13)	-	-	572,574	585,956	-	-	-	-	572,574	585,956
Services	-	-	-	-	285,575	262,196	-	-	285,575	262,196
Rental	-	-	-	-	-	-	54,103	64,071	54,103	64,071
Driving range	50,961	54,224	-	-	-	-	-	-	50,961	54,224
Miscellaneous	235	1,092	-	-	-	-	11,718	11,021	11,953	12,113
Advertising	11,062	11,912	-	-	-	-	-	-	11,062	11,912
Interest	1,606	1,298	-	-	-	-	4,602	3,673	6,208	4,971
	1,104,976	1,069,522	572,574	585,956	285,575	262,196	593,423	657,765	2,556,548	2,575,439
Expenses										
Advertising and promotion	2,005	3,756	2,734	3,356	-	-	1,538	1,595	6,277	8,707
Amortization	63,436	68,002	-	-	-	-	197,086	215,265	260,522	283,267
Bank charges	22,382	18,903	-	-	-	-	17,122	16,626	39,504	35,529
Building maintenance	58,781	42,159	13,954	10,594	4,221	2,916	10,983	13,289	87,939	68,958
Course maintenance	73,259	70,017	-	-	-	-	-	-	73,259	70,017
Driving range	11,374	17,943	-	-	-	-	-	-	11,374	17,943
Equipment maintenance	25,494	32,653	-	-	30,382	29,955	-	-	55,876	62,608
Fuel	37,094	36,372	-	-	32,463	29,938	-	-	69,557	66,310
Heat, light and telephone	52,108	46,824	42,445	43,942	19,225	17,894	32,822	33,038	146,600	141,698
Honoraria	-	-	-	-	-	-	420	-	420	-
Insurance	24,727	23,200	-	-	-	-	42,243	40,580	66,970	63,780
Interest on capital lease obligations	8,109	9,628	-	-	-	-	66	1,838	8,175	11,466
Loss on disposal of tangible capital assets	233	-	-	-	-	-	1,387	341	1,620	341
Miscellaneous	2,556	5,039	432	1,293	3,186	3,499	3,138	2,954	9,312	12,785
Office	5,991	4,429	594	594	-	-	7,658	7,592	14,243	12,615
Professional fees	11,989	10,818	1,338	2,208	-	-	18,326	13,666	31,653	26,692
Salaries and employee benefits	575,568	574,383	196,817	187,670	391,226	406,486	390,664	433,497	1,554,275	1,602,036
Supplies	8,541	8,033	8,898	7,317	16,971	14,085	3,105	2,959	37,515	32,394
Training	-	-	-	545	245	230	245	265	490	1,040
Travel	-	903	-	-	-	-	-	822	-	1,725
	983,647	973,062	267,212	257,519	497,919	505,003	726,803	784,327	2,475,581	2,519,911
Annual surplus (deficit)	$121,329	$ 96,460	$305,362	$328,437	$(212,344)	$(242,807)	$(133,380)	$(126,562)	$80,967	$55,528

12. Golf Course revenue

Course operations

	2014 Budget	2014 Actual	2013 Actual
Green fees	$ 635,000	$ 660,663	$ 631,879
Rentals	164,000	162,515	162,295
	799,000	823,178	794,174
Proshop sales	20,000	23,389	19,166
Less: cost of goods sold	7,800	13,139	7,188
	12,200	10,250	11,978
Course operations	811,200	833,428	806,152
Clubhouse operations			
Salon rentals	46,500	43,888	44,101
Catering commissions	55,000	51,938	47,972
	101,500	95,826	92,073
Salon sales	177,000	187,890	176,025
Less: cost of goods sold	74,000	76,032	73,254
	103,000	111,858	102,771
Clubhouse operations	204,500	207,684	194,844
	$ 1,015,700	$ 1,041,112	$ 1,000,996

13. Trailer park revenue

	2014 Budget	2014 Actual	2013 Actual
Registration fees	$ 584,000	$ 559,519	$ 573,225
Mini golf	1,700	-	1,733
	585,700	559,519	574,958
Sales	-	37,641	39,482
Less: cost of goods sold	-	24,586	28,484
	-	13,055	10,998
	$ 585,700	$ 572,574	$ 585,956

14. Contractual obligations

A vehicle and equipment have been leased by the Commission. Minimum lease payments over the remaining term of the leases are as follows:

2015	$ 8,938
2016	7,508
2017	7,508
2018	1,244
2019	311
	$ 25,509

15. Financial risk management

The Commission recognizes the importance of managing risks and this includes policies, procedures and oversight designed to reduce risks identified to an appropriate threshold. The risks that the Commission is exposed to through its financial instruments are credit risk, liquidity risk and market risk. There was no significant change in the Commission's exposure to these risks or its processes for managing these risks from the prior year.

15. Financial risk management (cont.)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Commission's main credit risk relates to cash and accounts receivable. The Commission's maximum exposure to credit risk is the carrying amounts of these financial instruments. The Commission is not exposed to significant credit risk with its cash because this financial instrument is held with a Chartered Bank. Also, it is not exposed to significant credit risk related to the harmonized sales tax receivable due to its nature. The Commission is exposed to credit risk related to its trade accounts receivable. Any estimated impairment of accounts receivable has been provided for through an allowance.

Liquidity risk

Liquidity risk is the risk that the Commission will be unable to meet its financial liabilities and contractual obligations. The Commission's exposure to liquidity risk relates mainly to its accounts payable and accrued liabilities, its obligations under capital leases as disclosed in Note 6, and its contractual obligations as disclosed in Note 14. The Commission manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its financial liabilities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency (foreign exchange) risk, interest rate risk and other price risk. The Commission is not exposed to significant foreign exchange or other price risk. In addition, the Commission is not exposed to interest rate risk on the obligations under capital leases as the interest rates are fixed to maturity.

16. Comparative figures

Certain comparative figures as at March 31, 2013, have been reclassified to conform to current year's presentation.

17. Budgeted figures

Budgeted figures have been provided for comparison purposes and have been derived from estimates approved by the Board of Directors of the Commission.

18. Non-financial assets

The recognition and measurement of non-financial assets is based on their service potential. These assets will not provide resources to discharge liabilities of the Commission. For non-financial assets, the future economic benefit consists of their capacity to render service to further the Commission's objectives.

C.A. PIPPY PARK GOLF COURSE LIMITED

FINANCIAL STATEMENTS

MARCH 31, 2014

Management's Report

Management's Responsibility for the C.A. Pippy Park Golf Course Limited Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and liabilities are recognized.

Management is also responsible for ensuring that transactions comply with relevant policies and authorities and are properly recorded to produce timely and reliable financial information.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial information periodically and external audited financial statements yearly.

The Auditor General conducts an independent audit of the annual financial statements of the Corporation in accordance with Canadian generally accepted auditing standards, in order to express an opinion thereon. The Auditor General has full and free access to financial management of the C.A. Pippy Park Golf Course Limited.

On behalf of the C.A. Pippy Park Golf Course Limited.

Mr. Ric Mercer
Executive Director

June 20, 2014

**AUDITOR
GENERAL
of Newfoundland and Labrador**

INDEPENDENT AUDITOR'S REPORT

To the Chairperson and Members of the Board of Directors
C.A. Pippy Park Golf Course Limited
St. John's, Newfoundland and Labrador

Report on the Financial Statements

I have audited the accompanying financial statements of the C.A. Pippy Park Golf Course Limited which comprise the statement of financial position as at March 31, 2014, the statements of operations, change in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Independent Auditor's Report (cont.)

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the C.A. Pippy Park Golf Course Limited as at March 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

TERRY PADDON, CA
Auditor General

June 20, 2014
St. John's, Newfoundland and Labrador

C.A. PIPPY PARK GOLF COURSE LIMITED
STATEMENT OF FINANCIAL POSITION

As at March 31	2014	2013
FINANCIAL ASSETS		
Cash	$ 215,800	$ 173,957
Accounts receivable (Note 3)	25,039	22,436
Inventories held for resale	17,778	23,231
	258,617	219,624
LIABILITIES		
Accounts payable and accrued liabilities (Note 4)	79,793	86,086
Deferred revenue (Note 5)	81,746	77,452
Obligations under capital leases (Note 6)	107,825	113,328
Employee future benefits (Note 7)	51,138	47,646
	320,502	324,512
Net debt	(61,885)	(104,888)
NON-FINANCIAL ASSETS		
Prepaid expenses	2,250	1,870
Inventories held for use	1,400	-
Tangible capital assets (Note 8)	194,188	190,522
	197,838	192,392
Accumulated surplus	$ 135,953	$ 87,504

Contractual obligations (Note 12)

The accompanying notes are an integral part of these financial statements.

Signed on behalf of the Board of Directors: **Chairperson** **Member**

C.A. PIPPY PARK GOLF COURSE LIMITED

STATEMENT OF OPERATIONS

For the Year Ended March 31

	2014 Budget (Note 14)	2014 Actual	2013 Actual
REVENUE			
Golf course (Note 9)	$ 811,200	$ 833,428	$ 806,152
Clubhouse (Note 10)	204,500	207,684	194,844
Driving Range	50,000	50,961	54,224
Advertising	12,000	11,062	11,912
Miscellaneous	-	235	1,092
Interest	-	1,606	1,298
	1,077,700	1,104,976	1,069,522
EXPENSES			
Advertising and promotion	6,000	2,005	3,756
Amortization	65,000	63,436	68,002
Bank charges	19,000	22,382	18,903
Building maintenance	50,000	58,781	42,159
Course maintenance	70,000	73,259	70,017
Driving range	16,500	16,374	22,943
Equipment maintenance	36,264	25,494	32,653
Fuel	40,000	37,094	36,372
Heat, light and telephone	49,500	52,108	46,824
Insurance	23,000	24,727	23,200
Interest on capital lease obligations	8,098	8,109	9,628
Loss on disposal of assets	-	233	-
Miscellaneous	2,500	2,556	5,039
Office	4,550	5,991	4,429
Professional fees	15,000	11,989	10,818
Salaries and employee benefits	655,000	643,448	640,739
Supplies	9,500	8,541	8,033
Travel	1,000	-	903
	1,070,912	1,056,527	1,044,418
Annual surplus	6,788	48,449	25,104
Accumulated surplus, beginning of year	87,504	87,504	62,400
Accumulated surplus, end of year	$ 94,292	$ 135,953	$ 87,504

The accompanying notes are an integral part of these financial statements.

C.A. PIPPY PARK GOLF COURSE LIMITED
STATEMENT OF CHANGE IN NET DEBT
For the Year Ended March 31

	2014 Budget (Note 14)	2014 Actual	2013 Actual
Annual surplus	$ 6,788	$ 48,449	$ 25,104
Changes in tangible capital assets			
Acquisition of tangible capital assets	-	(67,335)	(35,705)
Amortization of tangible capital assets	65,000	63,436	68,002
Loss on disposal of tangible capital assets	-	233	-
	65,000	(3,666)	32,297
Changes in other non-financial assets			
Use of prepaid expenses	-	1,870	1,500
Acquisition of prepaid expenses	-	(2,250)	(1,870)
Net acquisition of inventories held for use	-	(1,400)	-
	-	(1,780)	(370)
Decrease in net debt	71,788	43,003	57,031
Net debt, beginning of year	(104,888)	(104,888)	(161,919)
Net debt, end of year	$ (33,100)	$ (61,885)	$ (104,888)

The accompanying notes are an integral part of these financial statements.

C.A. PIPPY PARK GOLF COURSE LIMITED
STATEMENT OF CASH FLOWS

For the Year Ended March 31	2014	2013
Cash flows from operating activities		
Annual surplus	$ 48,449	$ 25,104
Adjustment for non-cash items		
Amortization	63,436	68,002
Loss on disposal of capital assets	233	-
	112,118	93,106
Changes in non-cash operating items		
Accounts receivable	(2,603)	(6,962)
Inventories held for resale	5,453	6,370
Prepaid expenses	(380)	(370)
Accounts payable and accrued liabilities	(6,293)	11,001
Deferred revenue	4,294	11,848
Employee future benefits	3,492	3,905
Inventories held for use	(1,400)	-
Cash provided from operating transactions	114,681	118,898
Capital transactions		
Acquisition of tangible capital assets	(67,335)	(35,705)
Cash applied to capital transactions	(67,335)	(35,705)
Financing transactions		
Acquisition of capital leases	44,703	10,200
Repayment of obligations under capital leases	(50,206)	(43,829)
Cash applied to financial transactions	(5,503)	(33,629)
Increase in cash	41,843	49,564
Cash, beginning of year	173,957	124,393
Cash, end of year	$ 215,800	$ 173,957

The accompanying notes are an integral part of these financial statements.

1. Nature of operations

The C.A. Pippy Park Golf Course Limited (the Corporation) was incorporated on January 6, 2006 under the *Corporations Act*. It is a wholly owned subsidiary of the C.A. Pippy Park Commission (the Commission), incorporated in accordance with Section 25(b)(i) of the *Pippy Park Commission Act*. The purpose of the Corporation is to manage the Pippy Park Golf Course on behalf of the Commission. The Pippy Park Golf Course is comprised of the 9 hole Captain's Hill Course, the 18 hole Admiral's Green Course, the Admiral's Green Clubhouse and the Driving Range. The Corporation has authorized share capital of 100 common shares of no par value and has issued one common share which is held by the C.A. Pippy Park Commission.

The Corporation is a wholly owned subsidiary of a Crown entity of the Province of Newfoundland and Labrador and as such, is not subject to Provincial or Federal income taxes.

2. Summary of significant accounting policies

(a) Basis of accounting

The Corporation is classified as an Other Government Organization as defined by Canadian Public Sector Accounting Standards (CPSAS). These financial statements are prepared by management in accordance with CPSAS for provincial reporting entities established by the Public Sector Accounting Board. The Corporation does not prepare a statement of remeasurement gains and losses as the Corporation does not enter into relevant transactions or circumstances that are being addressed by the statement.

(b) Financial instruments

The Corporation's financial instruments recognized on the statement of financial position consist of cash, accounts receivable, accounts payable and accrued liabilities and obligations under capital leases. The Corporation generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. Financial assets and financial liabilities are initially measured at cost, which is the fair value at the time of acquisition.

The Corporation subsequently measures all of its financial assets and financial liabilities at cost or amortized cost. Of the financial assets, cash is measured at cost while accounts receivable is measured at amortized cost. Financial liabilities measured at cost include accounts payable and accrued liabilities. Obligations under capital leases are recorded at amortized cost.

The carrying values of cash, accounts receivable, accounts payable and accrued liabilities, and obligations under capital leases approximate current fair value due to their nature and/or the short-term maturity associated with these instruments.

Interest attributable to financial instruments is reported on the statement of operations.

2. Summary of significant accounting policies (cont.)

(c) Cash

Cash includes cash in bank.

(d) Tangible capital assets

All tangible capital assets are recorded at cost at the time of acquisition, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets.

Obligations under capital leases are recorded at the present value of the minimum lease payments excluding executor costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the interest rate implicit in the lease.

The cost, less residual value, of the tangible capital assets, is amortized using the declining balance method over the expected useful lives as follows:

Golf course improvements	10%
Building improvements	10%
Course maintenance equipment	30%
Golf carts	30%
Equipment	30%
Office equipment	30%
Proshop rental equipment	30%
Golf carts under capital lease	30%
Course maintenance equipment under capital lease	30%
Office equipment under capital lease	30%

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

(e) Inventories held for resale

Inventories held for resale including confectionary and golf supplies are recorded at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

(f) Inventories held for use

Inventories held for use include course supplies and are recorded at the lower of historical cost and replacement cost.

2. Summary of significant accounting policies (cont.)

(g) Prepaid expenses

Prepaid expenses are charged to the expense over the periods expected to benefit from it.

(h) Employee future benefits

(i) The employees of the Corporation, represented by the Newfoundland and Labrador Association of Public and Private Employees (NAPE), are entitled to severance pay. Severance pay for entitled employees is calculated based on years of service and current salary levels. Entitlement to severance pay vests with employees after nine years of continuous service and, accordingly, a liability has been recorded for these employees. All employees entitled to severance pay have had the severance pay entitlement vested. The amount is payable when the employee ceases employment with the Corporation unless the employee transfers to another entity in the public service in which case the liability is transferred with the employee to the other entity.

(ii) The employees of the Corporation, represented by the NAPE, are subject to the *Public Service Pensions Act, 1991*. Employee contributions are matched by the Corporation and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire.

Contributions of the Corporation to the plans are recorded as an expense for the year.

(iii) The Corporation provides accumulating, non-vesting sick leave benefits to its employees. The Corporation has made a provision in the accounts for the payment of accumulating non-vesting sick leave benefits for employees which is based upon the Corporation's best estimate of the probability of the employees utilizing the benefits and current salary levels. The accumulating non-vesting sick leave benefits cease upon termination of employment with the Corporation.

(i) Revenues

Revenues are recognized in the period in which the transactions or events occurred that give rise to the revenues. All revenues are recorded on an accrual basis except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Revenue related to fees or services received in advance of the fee being earned or the service being performed is deferred and recognized as revenue in the fiscal year the fee is earned or the service is performed.

2. Summary of significant accounting policies (cont.)

(j) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is recorded as an expense in that year.

(k) Measurement uncertainty

The preparation of financial statements in conformity with CPSAS requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the expected future life of tangible capital assets and estimated employee future benefits.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

3. Accounts receivable

	2014	2013
Trade	$ 19,140	$ 9,850
Harmonized sales tax	7,624	13,474
Due from C.A. Pippy Park Commission	-	837
	26,764	24,161
Less: provision for doubtful accounts	(1,725)	(1,725)
	$ 25,039	$ 22,436

4. Accounts payable and accrued liabilities

	2014	2013
Due to C.A. Pippy Park Commission	$ 27,138	$ 36,160
Trade payables and accrued liabilities	52,655	49,926
	$ 79,793	$ 86,086

5. Deferred revenue

	2014	2013
Golf course	$ 68,906	$ 63,108
Clubhouse	12,840	14,344
	$ 81,746	$ 77,452

Golf course deferred revenue relates to golf packages and gift certificates sold during the fiscal year that relate to the 2014 golf season. Clubhouse deferred revenue relates to deposits received on Salon rentals for future periods.

6. Obligations under capital leases

The Corporation has acquired equipment for golf course and clubhouse operations through capital leases.

	2014	2013
Obligations under capital leases	$ 107,825	$ 113,328

Future minimum lease payments under capital leases are:

2015	$ 52,034
2016	44,828
2017	13,465
2018	10,751
	121,078
Less: interest portion of payments	13,253
	$ 107,825

The capital leases are secured by equipment having a net book value of $116,121.

7. Employee future benefits

	2014	2013
Vested severance benefits	$ 34,652	$ 32,669
Provision for accumulating, non-vested, sick leave	16,486	14,977
	$ 51,138	$ 47,646

Pension contributions

The employees of the Corporation, represented by the NAPE, are subject to the *Public Service Pensions Act, 1991*. The Government of Newfoundland and Labrador administers the Public Service Pension Plan, including payment of pension benefits to employees to whom the *Act* applies. The Public Service Pension Plan is a multi-employer, defined benefit plan.

The plan provides a pension upon retirement based on the age of its member at retirement, length of service and the average of their best five years of earnings. The maximum contribution rate for eligible employees was 8.6% (2013 - 8.6%). The Corporation contributes an amount equal to the employee contributions to the plan. The Corporation is not required to make contributions in respect of any actuarial deficiencies of the plan. Total pension expense for the Corporation for the year ended March 31, 2014 was $5,752 (2013 - $5,517).

8. Tangible capital assets

Original cost

	Balance March 31, 2013	Additions	Disposals	Balance March 31, 2014
Golf course improvements	$ 8,784	$ -	$ -	$ 8,784
Building improvements	18,000	-	-	18,000
Course maintenance equipment	126,901	20,480	-	147,381
Golf carts	139,809	-	-	139,809
Equipment	16,325	1,400	-	17,725
Office equipment	13,244	752	939	13,057
Proshop rental equipment	20,444	-	-	20,444
Golf carts under capital lease	80,220	44,703	-	124,923
Course maintenance equipment under capital lease	120,625	-	-	120,625
Office equipment under capital lease	17,289	-	-	17,289
	$ 561,641	$ 67,335	$ 939	$ 628,037

8. Tangible capital assets (cont.)

Accumulated amortization

	Balance March 31, 2013	Amortization	Accumulated amortization on disposals	Balance March 31, 2014	Net book value March 31, 2014	Net book value March 31, 2013
Golf course improvements	$ 3,807	$ 498	$ -	$ 4,305	**$ 4,479**	$ 4,977
Building improvements	4,081	1,392	-	5,473	**12,527**	13,919
Course maintenance equipment	94,585	12,767	-	107,352	**40,029**	32,316
Golf carts	124,477	4,600	-	129,077	**10,732**	15,332
Equipment	13,064	1,188	-	14,252	**3,473**	3,261
Office equipment	10,591	867	706	10,752	**2,305**	2,653
Propshop rental equipment	13,984	1,938	-	15,922	**4,522**	6,460
Golf carts under capital lease	43,777	17,638	-	61,415	**63,508**	36,443
Course maintenance equipment under capital lease	50,505	21,036	-	71,541	**49,084**	70,120
Office equipment under capital lease	12,248	1,512	-	13,760	**3,529**	5,041
	$ 371,119	$ 63,436	$ 706	$ 433,849	**$ 194,188**	$ 190,522

9. Golf course revenue

	2014 Budget	2014 Actual	2013 Actual
Green fees	**$ 635,000**	**$ 660,663**	$ 631,879
Rentals	**164,000**	**162,515**	162,295
	799,000	**823,178**	794,174
Proshop sales	**20,000**	**23,389**	19,166
Less: cost of goods sold	**7,800**	**13,139**	7,188
	12,200	**10,250**	11,978
	$ 811,200	**$ 833,428**	$ 806,152

10. Clubhouse revenue

	2014 Budget	2014 Actual	2013 Actual
Salon rentals	$ 46,500	$ 43,888	$ 44,101
Catering commissions	55,000	51,938	47,972
	101,500	95,826	92,073
Salon sales	177,000	187,890	176,025
Less: cost of goods sold	74,000	76,032	73,254
	103,000	111,858	102,771
	$ 204,500	$ 207,684	$ 194,844

11. Related party transactions

Administrative and other services for the Corporation are provided by the Commission at a cost of $72,880 (2013 - $71,356).

The land, buildings and certain other equipment used by the Corporation are owned by the Commission and, for 2014, use was provided at no cost.

12. Contractual obligations

Equipment has been leased by the Corporation for the purpose of maintaining the golf course. Minimum lease payments over the remaining terms of the lease are as follows:

2015	$ 6,264
2016	6,264
2017	6,264
	$ 18,792

13. Financial risk management

The Corporation recognizes the importance of managing risks and this includes policies, procedures and oversight designed to reduce risks identified to an appropriate threshold. The risks that the Corporation is exposed to through its financial instruments are credit risk, liquidity risk and market risk. There was no significant change in the Corporation's exposure to these risks or its processes for managing these risks from the prior year.

13. Financial risk management (cont.)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's main credit risk relates to cash and accounts receivable. The Corporation's maximum exposure to credit risk is the carrying amounts of these financial instruments. The Corporation is not exposed to significant credit risk with its cash because this financial instrument is held with a Chartered Bank. Also, it is not exposed to significant credit risk related to the harmonized sales tax receivable due to its nature. The Corporation is exposed to credit risk related to its trade accounts receivable. Any estimated impairment of accounts receivable has been provided for through an allowance.

Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to meet its contractual obligations and financial liabilities. The Corporation's exposure to liquidity risk relates mainly to its accounts payable and accrued liabilities and its obligations under capital leases as disclosed in Note 6 and its contractual obligations as disclosed in Note 12. The Corporation manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its financial liabilities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency (foreign exchange) risk, interest rate risk and other price risk. The Corporation is not exposed to significant foreign exchange or other price risk. In addition, the Corporation is not exposed to interest rate risk on the obligations under capital leases as the interest rates are fixed to maturity.

14. Budgeted figures

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Board of Directors of the Corporation.

15. Comparative figures

Certain comparative figures as at March 31, 2013 have been reclassified to conform to the current year's presentation.

16. Non-financial assets

The recognition and measurement of non-financial assets is based on their service potential. These assets will not provide resources to discharge liabilities of the Corporation. For non-financial assets, the future economic benefit consists of their capacity to render service to further the Corporation's objectives.

Grant Thornton

Consolidated Financial Statements

Central Regional Health Authority

March 31, 2014

Statement of responsibility

The accompanying consolidated financial statements are the responsibility of the Board of Trustees of the Central Regional Health Authority (the "Authority") and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards as recommended by the Canadian Institute of Chartered Accountants.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

The Authority met with management and its external auditors to review a draft of the consolidated financial statements and to discuss any significant financial reporting or internal control matters prior to their approval of the consolidated finalized financial statements.

Grant Thornton LLP as the Authority's appointed external auditors, have audited the consolidated financial statements. The auditor's report is addressed to the Authority and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the consolidated financial statements are free of material misstatement and present fairly the financial position and results of the Authority in accordance with Canadian public sector accounting standards.

John George Chair

Wm. O'Rielly Director

Grant Thornton

Independent Auditors' Report

Grant Thornton LLP
Suite 300
15 International Place
St. John's, NL
A1A 0L4

T +1 709 778 8800
F +1 709 722 7892
www.GrantThornton.ca

To the Board of Trustees of

Central Regional Health Authority

We have audited the accompanying consolidated financial statements of Central Regional Health Authority which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

Independent Auditors' Report (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Central Regional Health Authority as at March 31, 2014 and the results of its consolidated operations and changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matters

The comparative figures for the year ended March 31, 2013 were audited by another firm of chartered accountants who provided an audit report without reservation on those consolidated financial statements in their report dated June 18, 2013.

Grant Thornton LLP

Gander, Canada

July 9, 2014

Chartered Accountants

Central Regional Health Authority

Consolidated Statement of Financial Position

March 31	2014	2013
Financial assets		
Cash (Note 3)	$ 16,702,644	$ 5,751,378
Receivables (Note 4)	18,413,931	29,638,965
Residents' trust funds held on deposit	901,834	938,808
Cash restricted for security deposits	35,561	35,355
Investments restricted for general endowment purposes (Note 5)	803,809	693,882
Replacement reserve funding (Note 11)	159,399	154,029
	37,017,178	37,212,417
Liabilities		
Payables and accruals (Note 6)	27,092,115	26,932,915
Employee future benefits		
Accrued vacation	14,113,590	13,354,679
Accrued sick (Note 7)	16,207,839	15,933,637
Accrued severance (Note 7)	28,462,499	26,777,716
Deferred grants (Note 8)	27,531,722	29,212,218
Long-term debt (Note 9)	13,349,219	14,777,214
Obligations under capital lease (Note 10)	117,902	343,537
Trust funds payable	901,834	938,808
Security deposits liability	35,562	35,355
Replacement reserves (Note 11)	159,399	154,029
J.M Olds scholarship and library funds	82,852	82,602
	128,054,533	128,542,710
Net financial assets (debt)	(91,037,355)	(91,330,293)
Non-financial assets		
Capital assets (Note 12)	56,085,406	57,961,039
Deposit on capital assets	104,392	94,015
Inventories (Note 13)	2,239,989	2,246,855
Prepaids (Note 14)	6,936,739	7,751,052
	65,366,526	68,052,961
Accumulated surplus (deficit)	$ (25,670,829)	$ (23,277,332)

Commitments (Note 16)
Contingencies (Note 17)

On behalf of the Board

Wm. O'Kelly Trustee

Trustee

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
Consolidated Statement of Operations

Year ended March 31	Budget 2014	Actual 2014	(Note 18) Actual 2013
Revenue			
Provincial plan operating	$ 294,038,338	$ 294,071,434	$ 293,676,494
Provincial capital grants	-	4,277,945	5,505,736
Other capital contributions	-	267,298	260,878
MCP	14,323,478	14,347,583	16,364,436
Patient-resident services	13,489,500	13,481,238	13,780,373
CMHC mortgage interest subsidy (Note 15)	56,982	56,805	56,805
Capital project funding	11,338,061	11,973,697	5,596,699
Recoveries	9,178,000	11,144,004	9,975,774
Cottage operations	1,494,745	1,491,423	1,350,642
Foundations	863,000	1,063,190	1,101,196
Other revenue	1,598,892	2,637,965	2,988,115
	346,380,996	354,812,582	350,657,148
Expenditure			
Administration	33,269,285	30,802,810	31,294,977
Community and social services	85,786,265	83,728,973	79,362,819
Support services	69,494,445	72,267,344	64,754,188
Nursing inpatient services	75,293,742	79,061,151	76,970,766
Ambulatory care services	19,348,429	19,628,112	19,131,011
Diagnostic and therapeutic services	41,541,519	41,502,728	41,168,715
Medical services	18,215,069	18,309,613	20,840,404
Educational services	1,074,497	1,052,850	995,970
Cottage, operations, including amortization of $492,929 (2013 - $476,277)	1,505,485	1,505,155	1,526,989
Foundations, including amortization of $4,539 (2013 - $4,778)	801,100	705,951	992,675
	346,329,836	348,564,687	337,038,514
Surplus (deficit) – shareable	51,160	6,247,895	13,618,634
Non-shareable items			
Gain on disposal of capital assets	-	-	6,812
Amortization of capital assets	-	(5,923,407)	(6,115,680)
Accrued vacation pay – (increase) decrease	-	(759,000)	26,368
Accrued severance pay – (increase) decrease	-	(1,684,783)	(1,743,487)
Accrued sick pay – (increase) decrease	-	(274,202)	(171,218)
	-	(8,641,392)	(7,997,205)
Surplus (deficit) - shareable and non-shareable	51,160	(2,393,497)	5,621,429
Accumulated surplus (deficit)			
Beginning of year	-	(23,277,332)	(28,898,761)
End of year	$ 51,160	$ (25,670,829)	$ (23,277,332)

See accompanying notes to the consolidated financial statements

Central Regional Health Authority

Consolidated Statement of Changes in Net Financial Assets (Debt)

March 31	2014	2013
Net debt - beginning of year	**$ (91,330,293)**	$ (96,658,684)
(Deficit) surplus	**(2,393,497)**	5,621,429
Changes in capital assets		
Acquisition of capital assets	**(4,545,242)**	(5,766,614)
Amortization of capital assets	**6,420,875**	6,596,735
Gain on disposal of capital assets	**-**	(6,812)
Proceeds on disposal of capital assets	**-**	18,240
Deposits on capital assets	**(10,377)**	(94,015)
Increase in net book value of capital assets	**1,865,257**	747,534
Changes in non-financial assets		
Reduction in inventories	**6,866**	477,786
Reduction (increase) in prepaids	**814,313**	(1,518,358)
Increase (decrease) in non-financial assets	**821,179**	(1,040,572)
Increase in net assets	**292,938**	5,328,391
Net debt, end of year	**$ (91,037,355)**	$ (91,330,293)

See accompanying notes to the consolidated financial statements

Central Regional Health Authority

Consolidated Statement of Cash Flows

Year ended March 31	2014	2013
Operating		
(Deficit) Surplus	$ (2,393,497)	$ 5,621,429
Amortization	6,420,878	6,596,735
Gain on disposal of capital assets	-	(6,812)
Investment gains/losses	(51,008)	(6,595)
	3,976,373	12,204,757
Changes in		
Receivables	11,225,034	(14,546,132)
Payables and accruals	159,200	2,644,681
Accrued vacation pay	758,910	(25,899)
Accrued severance pay	1,684,783	1,743,487
Accrued sick pay	274,202	171,218
Deferred grants	(1,680,496)	4,409,608
Inventories	6,866	477,786
Prepaids	814,313	(1,518,358)
Net cash provided from operations	17,219,185	5,561,148
Financing		
Repayment of long-term debt	(1,427,995)	(1,491,457)
Repayment of capital leases	(225,635)	(214,963)
Net changes in J.M. Olds funds	250	(575)
Net cash applied to financing	(1,653,380)	(1,706,995)
Investing		
Additions to capital assets	(4,545,242)	(5,766,614)
Deposit on capital assets	(10,377)	(94,015)
Increase in general endowment fund investments	(58,920)	(57,421)
Proceeds on disposal of capital assets	-	18,240
Net cash applied to investing	(4,614,539)	(5,899,810)
Net increase (decrease) in cash	10,951,266	(2,045,657)
Cash, net of bank indebtedness:		
Beginning	5,751,378	7,797,035
Ending (Note 3)	$ 16,702,644	$ 5,751,378

See accompanying notes to the consolidated financial statements

Central Regional Health Authority

Operating Statement of Financial Position

March 31	2014	2013
Financial assets		
Cash (Note 3)	$ 15,411,450	$ 4,738,898
Receivables (Note 4)	18,397,155	29,618,784
Residents' trust funds held on deposit	901,834	938,808
Due from cottage operations and foundations - net	515,570	494,864
	35,226,009	35,791,354
Liabilities		
Payables and accruals (Note 6)	27,050,768	26,901,936
Employee future benefits		
Accrued vacation pay	14,108,164	13,349,164
Accrued sick pay (Note 7)	16,207,839	15,933,637
Accrued severance pay (Note 7)	28,462,499	26,777,716
Deferred grants (Note 8)	27,531,722	29,212,218
Long-term debt (Note 9)	11,031,779	11,992,870
Obligations under capital lease (Note 10)	117,902	343,537
Trust funds payable	901,834	938,808
J.M Olds scholarship and library funds	82,852	82,602
	125,495,359	125,532,488
Net financial assets (debt)	(90,269,350)	(89,741,134)
Non-financial assets		
Capital assets (Note 12)	53,110,007	54,488,173
Deposit on capital assets	104,392	94,015
Inventories (Note 13)	2,239,989	2,246,855
Prepaids (Note 14)	6,830,837	7,664,973
	62,285,225	64,494,016
Accumulated (deficit)	$ (27,984,125)	$ (25,247,118)

See accompanying notes to the consolidated financial statements

Central Regional Health Authority

Operating Statement of Operations

Year ended March 31	Budget 2014	Actual 2014	(Note 18) Actual 2013
Revenue			
Provincial plan	$ 293,346,669	$ 293,346,669	$ 293,208,571
Provincial capital grants	-	4,277,945	5,505,736
Other capital contributions	-	267,298	260,878
MCP	14,323,478	14,347,583	16,364,436
Inpatient	1,903,000	2,154,728	2,390,344
Outpatient	3,060,500	2,841,316	2,745,789
Resident	8,526,000	8,485,194	8,644,240
CMHC mortgage interest subsidy (Note 15)	56,982	56,805	56,805
Capital project funding	11,338,061	11,973,697	5,596,699
National Child Benefit	345,677	356,773	142,427
Early Childhood Development	345,992	367,992	325,498
Recoveries - salaries	307,000	2,149,910	2,125,935
- services	1,088,000	854,344	1,031,887
- ambulance	642,000	826,135	680,853
- drugs	7,141,000	7,313,614	6,137,099
Other revenue	1,598,892	2,637,965	2,988,115
	344,023,251	352,257,968	348,205,312
Expenditure			
Administration	33,269,285	30,802,810	31,294,977
Community and social services	85,786,265	83,728,973	79,362,819
Support services	69,494,445	72,267,344	64,754,188
Nursing inpatient services	75,293,742	79,061,151	76,970,766
Ambulatory care services	19,348,429	19,628,112	19,131,011
Diagnostic and therapeutic services	41,541,519	41,502,728	41,168,715
Medical services	18,215,069	18,309,613	20,840,404
Education services	1,074,497	1,052,850	995,970
	344,023,251	346,353,581	334,518,850
Surplus – shareable	-	5,904,387	13,686,462
Non-shareable items			
Gain on disposal of capital assets	-	-	6,812
Amortization	-	(5,923,409)	(6,115,680)
Accrued vacation pay – (increase) decrease	-	(759,000)	26,368
Accrued severance pay – (increase) decrease	-	(1,684,783)	(1,743,487)
Accrued sick pay – (increase) decrease		(274,202)	(171,218)
	-	(8,641,394)	(7,997,205)
(Deficit) surplus – shareable and non-shareable	-	(2,737,007)	5,689,257
Accumulated (deficit)			
Beginning of year	-	(25,247,118)	(30,936,375)
End of year	$ -	$ (27,984,125)	$ (25,247,118)

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
Operating Statement of Changes in Net Financial Assets (Debt)

Year ended March 31	2014	2013
Net debt - beginning of year	$ (89,741,134)	$ (94,669,555)
(Deficit) surplus	(2,737,007)	5,689,257
Changes in capital assets		
Acquisition of capital assets	(4,545,242)	(5,766,614)
Amortization of capital assets	5,923,409	6,115,680
Gain on disposal of capital assets	-	(6,812)
Proceeds on disposal of capital assets	-	18,240
Deposits on capital assets	(10,377)	(94,015)
Decrease in net book value of capital assets	1,367,790	266,479
Changes in other non-financial assets		
Reduction (increase) in prepaids	834,135	(1,505,101)
Reduction in inventories	6,866	477,786
Increase (decrease) in other non-financial assets	841,001	(1,027,315)
(Increase) decrease in net assets	(528,216)	4,928,421
Net debt - end of year	$ (90,269,350)	$ (89,741,134)

See accompanying notes to the consolidated financial statements

Central Regional Health Authority

Operating Statement of Cash Flows

Year ended March 31	2014	2013
Operating		
(Deficit) surplus	$ (2,737,007)	$ 5,689,257
Amortization	5,923,409	6,115,680
Gain on disposal on capital assets	-	(6,812)
	3,186,402	11,798,125
Changes in		
Receivables	11,221,629	(14,551,997)
Due from cottage operations and Foundations	(20,706)	92,115
Inventories	6,866	477,786
Prepaids	834,135	(1,505,101)
Payables and accruals	148,831	2,635,395
Accrued vacation pay	759,000	(26,368)
Accrued severance pay	1,684,783	1,743,487
Accrued sick pay	274,202	171,218
Deferred grants	(1,680,496)	4,409,608
Net cash provided from operations	16,414,646	5,244,268
Financing		
Repayment of long-term debt	(961,090)	(946,817)
Repayment of capital leases	(225,635)	(214,963)
Net changes in J.M. Olds funds	250	(575)
Net cash applied to financing	(1,186,475)	(1,162,355)
Investing		
Additions to capital assets	(4,545,242)	(5,766,614)
Deposits on capital assets	(10,377)	(94,015)
Proceeds on disposal of capital assets	-	18,240
Net cash applied to investing	(4,555,619)	(5,842,389)
Net increase (decrease) in cash and cash equivalents	10,672,552	(1,760,476)
Cash, net of bank indebtedness		
Beginning	4,738,898	6,499,374
Ending (Note 3)	$ 15,411,450	$ 4,738,898

See accompanying notes to the consolidated financial statements

Central Regional Health Authority

North Haven Manor Cottages Phase I, II, III

Statement of Financial Position

March 31	2014	2013
Financial assets		
Cash (Note 3)	$ 90,956	$ 101,154
Receivables (Note 4)	6,270	6,317
Cash restricted for security deposits	15,382	15,105
Replacement reserve cash	8,678	2,171
	121,286	124,747
Liabilities		
Payables and accruals (Note 6)	26,448	9,143
Due to Central Regional Health Authority	150,525	175,719
Long-term debt (Note 9)	729,808	914,514
Security deposit liability	15,382	15,105
Replacement reserves (Note 11)	8,678	2,171
	930,841	1,116,652
Net financial debt	(809,555)	(991,905)
Non-financial assets		
Capital assets (Note 12)	1,220,167	1,430,900
Prepaids (Note 14)	65,269	46,530
	1,285,436	1,477,430
Accumulated surplus	$ 475,881	$ 485,525

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
North Haven Manor Cottages Phase I, II, III
Statement of Operations

Year ended March 31	Budget 2014	Actual 2014	Actual 2013
Revenue			
Rentals	$ 526,298	$ 522,084	$ 513,476
NLHC subsidy (Note 15)	189,385	189,876	13,872
	715,683	711,960	527,348
Expenditure			
Administration	9,300	9,300	9,300
Allocation to replacement reserve	30,220	30,220	30,220
Amortization	210,756	210,732	206,929
Heat and light	166,000	165,493	148,410
Insurance	8,000	6,875	6,680
Mortgage interest	21,807	21,356	26,606
Municipal taxes	65,000	61,225	54,615
Office	200	84	20
Professional fees	2,000	1,800	1,800
Repairs and maintenance	67,000	81,926	104,897
Salaries and benefits	125,000	122,734	126,082
Snowclearing	8,000	7,500	-
Telephone	2,400	2,359	2,359
	715,683	721,604	717,918
Annual deficit	-	(9,644)	(190,570)
Accumulated surplus			
Beginning of year	485,525	485,525	676,095
End of year	$ 485,525	$ 475,881	$ 485,525

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
North Haven Manor Cottages Phase I, II, III
Statement of Changes in Net Financial Assets (Debt)

Year ended March 31	2014	2013
Net debt - beginning of year	$ (991,905)	$ (1,001,186)
Annual deficit	(9,644)	(190,570)
Changes in capital assets		
Amortization of capital assets	210,732	206,929
Decrease in net book value of capital assets	210,732	206,929
Changes in non-financial assets		
Increase in prepaids	(18,738)	(7,078)
Increase in other non-financial assets	(18,738)	(7,078)
Increase in net debt	182,350	9,281
Net debt - end of year	$ (809,555)	$ (991,905)

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
North Haven Manor Cottages Phase I, II, III
Statement of Cash Flows

Year ended March 31	2014	2013
Operations		
Annual deficit	$ (9,644)	$ (190,570)
Amortization	210,732	206,929
	201,088	16,359
Changes in		
Receivables	47	4,489
Payables and accruals	17,304	2,315
Due to Central Regional Health Authority	(25,194)	65,786
Prepaids	(18,738)	(7,078)
Net cash provided from operations	174,507	81,871
Financing		
Repayment of long-term debt	(184,705)	(179,467)
Net cash applied to financing	(184,705)	(179,467)
Net decrease in cash and cash equivalents	(10,198)	(97,596)
Cash		
Beginning	101,154	198,750
Ending (Note 3)	$ 90,956	$ 101,154

See accompanying notes to the consolidated financial statements

Central Regional Health Authority

North Haven Manor Cottages Phase IV

Statement of Financial Position

March 31	2014	2013
Financial assets		
Cash (Note 3)	$ 15,174	$ 16,843
Receivables (Note 4)	2,764	3,975
Cash restricted for security deposits	1,363	1,363
Due from NLHC for replacement reserve	82,643	82,643
	101,944	104,824
Liabilities		
Payables and accruals (Note 6)	2,145	2,186
Due to Central Regional Health Authority	20,902	23,741
Long-term debt (Note 9)	375,080	404,908
Security deposit liability	1,363	1,363
Replacement reserve (Note 11)	82,643	82,643
	482,133	514,841
Net financial debt	(380,189)	(410,017)
Non-financial assets		
Capital assets (Note 12)	390,080	419,908
Prepaids (Note 14)	5,109	5,109
	395,189	425,017
Accumulated surplus	$ 15,000	$ 15,000

See accompanying notes to the consolidated financial statements

Central Regional Health Authority

North Haven Manor Cottages Phase IV

Statement of Operations

Year ended March 31

	Budget 2014	Actual 2014	Actual 2013
Revenue			
Rentals	$ 46,116	$ 45,163	$ 44,840
NLHC subsidy (Note 15)	46,105	50,306	85,965
	92,221	95,469	130,805
Expenditure			
Administration	4,056	3,600	3,600
Amortization	29,828	29,828	29,352
Heat and light	17,099	20,571	18,213
Insurance	1,100	878	711
Mortgage interest	6,515	6,473	6,951
Municipal taxes	7,323	6,781	6,056
Office	300	8	144
Professional fees	1,600	1,500	1,500
Repairs and maintenance	8,100	13,780	53,579
Salaries and benefits	12,000	10,569	10,418
Snowclearing	4,000	1,200	-
Telephone	300	281	281
	92,221	95,469	130,805
Annual surplus	-	-	-
Accumulated surplus			
Beginning of year	15,000	15,000	15,000
End of year	$ 15,000	$ 15,000	$ 15,000

Central Regional Health Authority
North Haven Manor Cottages Phase IV
Statement of Changes in Net Financial Assets (Debt)

Year ended March 31	2014	2013
Net debt, beginning of year	$ (410,017)	$ (438,645)
Annual surplus	-	-
Changes in capital assets		
Amortization of capital assets	29,828	29,352
Decrease in net book value of capital assets	29,828	29,352
Changes in non-financial assets		
Increase in prepaids	-	(724)
Increase in non-financial assets	-	(724)
Decrease in debt	29,828	28,628
Net debt, end of year	$ (380,189)	$ (410,017)

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
North Haven Manor Cottages Phase IV
Statement of Cash Flows

Year ended March 31	2013	2012
Operations		
Annual surplus	$ -	$ -
Amortization	29,828	29,352
	29,828	29,352
Changes in		
Receivables	1,211	2,920
Prepaids	-	(724)
Payables and accruals	(41)	(4,797)
Due to Central Regional Health Authority	(2,839)	8,234
Net cash provided from operations	28,159	34,985
Financing		
Repayment of long-term debt	(29,828)	(29,352)
Net cash applied to financing	(29,828)	(29,352)
Net (decrease) increase in cash and cash equivalents	(1,669)	5,633
Cash		
Beginning	16,843	11,210
Ending (Note 3)	$ 15,174	$ 16,843

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
Valley Vista Cottages
Statement of Financial Position

March 31	2014	2013
Financial assets		
Cash (Note 3)	$ 31,977	$ 57,704
Receivables (Note 4)	4,257	4,889
Cash restricted for security deposits	18,816	18,888
Replacement reserve cash	5,678	6,815
	60,728	88,296
Liabilities		
Payables and accruals (Note 6)	2,625	3,318
Due to Central Regional Health Authority	193,574	214,094
Long-term debt (Note 9)	785,460	1,002,514
Security deposit liability	18,816	18,888
Replacement reserves (Note 11)	5,678	6,815
	1,006,153	1,245,629
Net financial debt	(945,425)	(1,157,333)
Non-financial assets		
Capital assets (Note 12)	818,685	1,035,739
Prepaids (Note 14)	34,234	33,176
	852,919	1,068,915
Accumulated deficit	$ (92,506)	$ (88,418)

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
Valley Vista Cottages
Statement of Operations

Year ended March 31	Budget 2014	Actual 2014	Actual 2013
Revenue			
Rentals	$ 499,760	$ 500,693	$ 501,715
NLHC subsidy (Note 15)	53,200	51,437	58,629
	552,960	552,130	560,344
Expenditure			
Allocation to replacement reserve	30,000	30,000	30,000
Amortization	205,000	217,054	205,431
Cable television	17,500	16,149	16,099
Heat and light	123,000	133,468	122,706
Insurance	7,200	7,300	7,188
Lawn care	5,000	4,320	-
Mortgage interest	30,000	15,710	33,904
Municipal taxes	44,000	44,380	38,661
Office	1,200	908	1,187
Professional fees	1,800	1,800	1,800
Repairs and maintenance	30,000	21,703	24,040
Salaries and benefits	61,500	57,722	57,449
Snowclearing	7,500	5,704	7,500
Travel	-	-	156
	563,700	556,218	546,121
Annual (deficit) surplus	(10,740)	(4,088)	14,223
Accumulated deficit			
Beginning of year	(88,418)	(88,418)	(102,641)
End of year	$ (99,158)	$ (92,506)	$ (88,418)

See accompanying notes to the consolidated financial statements

Central Regional Health Authority

Valley Vista Cottages

Statement of Changes in Net Financial Assets (Debt)

Year ended March 31	2014	2013
Net debt - beginning of year	$ (1,157,333)	$ (1,371,614)
Annual (deficit) surplus	(4,088)	14,223
Changes in capital assets		
Amortization of capital assets	217,054	205,431
Increase in net book value of capital assets	217,054	205,431
Changes in non-financial assets		
Increase in prepaids	(1,058)	(5,373)
Decrease in non-financial assets	(1,058)	(5,373)
Increase in debt	211,908	214,281
Net debt - end of year	$ (945,425)	$ (1,157,333)

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
Valley Vista Cottages
Statement of Cash Flows

Year ended March 31	2014	2013
Operations		
Annual (deficit) surplus	$ (4,088)	$ 14,223
Amortization	217,054	205,431
	212,966	219,654
Changes in		
Receivables	632	503
Payables and accruals	(693)	(1,816)
Due to Central Regional Health Authority	(20,520)	8,749
Prepaids	(1,058)	(5,373)
Net cash provided from operations	191,327	221,717
Financing		
Repayment of long-term debt	(217,054)	(205,432)
Net cash applied to financing	(217,054)	(205,432)
Net (decrease) increase in cash and cash equivalents	(25,727)	16,285
Cash		
Beginning	57,704	41,419
Ending (Note 3)	$ 31,977	$ 57,704

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
Bonnews Lodge Apartment Complex
Statement of Financial Position

March 31	2014	2013
Financial assets		
Due from Central Regional Health Authority	$ 10,129	$ 11,332
Due from NLHC for replacement reserve	62,400	62,400
	72,529	73,732
Liabilities		
Payables and accruals (Note 6)	10,129	11,331
Long-term debt (Note 9)	427,092	462,408
Replacement reserve (Note 11)	62,400	62,400
	499,621	536,139
Net financial debt	(427,092)	(462,407)
Non-financial assets		
Capital assets (Note 12)	427,092	462,407
Accumulated surplus (deficit)	$ -	$ -

See accompanying notes to the consolidated financial statements

Central Regional Health Authority

Bonnews Lodge Apartment Complex

Statement of Operations

Year ended March 31

	Budget 2014	Actual 2014	Actual 2013
Revenue			
Rentals	$ 63,396	$ 64,505	$ 62,586
NLHC subsidy (Note 15)	64,197	59,825	63,364
Surcharges - utilities	3,120	3,120	3,060
- laundry	1,440	1,440	1,410
- other	1,728	2,974	1,725
	133,881	131,864	132,145
Expenditure			
Administration allowance	8,933	8,525	8,525
Amortization	35,285	35,315	34,565
Fire and safety	1,000	1,114	1,064
Heat and light	21,850	22,819	21,557
Insurance	700	700	699
Mortgage interest	9,513	9,413	10,173
Municipal taxes	8,616	8,616	7,423
Professional fees	2,400	2,400	2,400
Repairs and maintenance	40,084	32,312	35,089
Snowclearing	5,500	10,650	10,650
	133,881	131,864	132,145
Annual surplus	-	-	-
Accumulated surplus			
Beginning of year	-	-	-
End of year	$ -	$ -	$ -

See accompanying notes to the consolidated financial statements

Central Regional Health Authority

Bonnews Lodge Apartment Complex

Statement of Changes in Net Financial Assets (Debt)

Year ended March 31	2014	2013
Net debt - beginning of year	$ (462,407)	$ (496,972)
Annual surplus	-	-
Changes in capital assets		
Amortization of capital assets	35,315	34,565
Decrease in net book value of capital assets	35,315	34,565
Decrease in debt	35,315	34,565
Net debt - end of year	$ (427,092)	$ (462,407)

See accompanying notes to the consolidated financial statements

Central Regional Health Authority

Bonnews Lodge Apartment Complex

Statement of Cash Flows

Year ended March 31	2014	2013
Operations		
Annual surplus (deficit)	$ -	$ -
Amortization	35,315	34,565
	35,315	34,565
Changes in		
Receivables	-	2,953
Payables and accruals	(1,203)	8,583
Due to Central Regional Health Authority	1,203	(11,537)
Net cash provided from operations	35,315	34,564
Financing		
Repayment of long-term debt	(35,315)	(34,564)
Net cash applied to financing	(35,315)	(34,564)
Net increase in cash and cash equivalents	-	-
Cash		
Beginning	-	-
Ending (Note 3)	$ -	$ -

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
Central Northeast Health Foundation Inc.
Statement of Financial Position

March 31	2014	2013
Financial assets		
Cash (Note 3)	$ 459,958	$ 270,303
Receivables – trade (Note 4)	3,485	
Advance to South and Central Health Foundation for endowment fund (Note 4)	-	5,000
Investments restricted for general endowment fund (Note 5)	216,425	187,713
	679,868	463,016
Liabilities		
Accrued vacation pay	1,286	1,554
Due to Central Regional Health Authority	19,326	66,326
	20,612	67,880
Net financial assets and accumulated surplus	$ 659,256	$ 395,136

See accompanying notes to the consolidated financial statements

Central Regional Health Authority

Central Northeast Health Foundation Inc.

Statement of Operations

Year ended March 31	Budget 2014	Actual 2014	Actual 2013
Revenue			
Donations	$ 332,500	$ 464,947	$ 357,387
Staff lottery	44,000	44,943	43,945
Endowment fund			
Investment income	7,000	4,788	4,727
Investment gains/losses	2,000	13,893	1,725
Grants	25,000	36,000	75,000
Interest and recoveries	6,000	6,226	6,711
	416,500	570,797	489,495
Expenditure			
Donations for the purchase of			
Capital equipment	150,000	74,884	105,862
Minor equipment	30,000	80,119	57,972
Patient comfort items	30,000	19,344	7,460
Healing Garden	2,500	5,469	276,667
Office	8,000	1,761	1,730
Other supplies and expenses	25,000	28,912	44,269
Salaries and benefits	95,000	95,651	95,160
Travel	600	537	443
	341,100	306,677	589,563
Annual surplus (deficit)	75,400	264,120	(100,068)
Accumulated surplus			
Beginning of year	395,136	395,136	495,204
End of year	$ 470,536	$ 659,256	$ 395,136

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
Central Northeast Health Foundation Inc.
Statement of Changes in Net Financial Assets (Debt)

Year ended March 31	2014	2013
Net assets – beginning of year	$ 395,136	$ 495,204
Annual surplus (deficit)	264,120	(100,068)
Net assets – end of year	$ 659,256	$ 395,136

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
Central Northeast Health Foundation Inc.
Statement of Cash Flows

Year ended March 31	2014	2013
Operations		
Annual surplus (deficit)	$ 264,120	$ (100,068)
Investment gains/losses	(13,893)	(1,725)
	250,227	(101,793)
Change in		
Receivables	(3,485)	-
Advance to South and Central Health Foundation for endowment	5,000	(5,000)
Due from Central Regional Health Authority	(47,000)	(30,593)
Accrued vacation pay	(267)	380
Net cash provided from (applied to) operations	204,475	(137,006)
Investing		
Endowment fund investments		
Contributions	(10,032)	(5,200)
Reinvested income	(4,788)	(4,727)
Net cash applied to investing	(14,820)	(9,927)
Net increase (decrease) in cash and cash equivalents	189,655	(146,933)
Cash		
Beginning of year	270,303	417,236
End of year (Note 3)	$ 459,958	$ 270,303

See accompanying notes to the consolidated financial statements

Central Regional Health Authority

South and Central Health Foundation

Statement of Financial Position

March 31	2014	2013
Financial assets		
Cash	$ 693,129	$ 566,476
Investments restricted for general endowment fund (Note 5)	587,384	506,169
	1,280,513	1,072,645
Liabilities		
Accrued vacation pay	4,140	3,961
Advance from Central Northeast Health Foundation for endowment fund (Note 6)	-	5,000
Due to Central Regional Health Authority	141,373	26,316
	145,513	35,277
Net financial assets	1,135,000	1,037,368
Non-financial assets		
Capital assets (Note 12)	119,373	123,912
Prepaids (Note 14)	1,290	1,264
	120,663	125,176
Accumulated surplus	$ 1,255,663	$ 1,162,544

See accompanying notes to the consolidated financial statements

Central Regional Health Authority

South and Central Health Foundation

Statement of Operations

Year ended March 31	Budget 2014	Actual 2014	Actual 2013
Revenue			
Donations	$ 310,000	$ 318,974	$ 431,176
Staff lottery	59,000	57,615	58,874
Grants	44,000	36,000	75,000
Endowment fund			
Investment income	7,000	13,147	12,929
Investment gains/losses	5,000	37,236	4,870
Rentals	15,000	15,600	15,600
Interest and recoveries	6,500	13,821	13,252
	446,500	492,393	611,701
Expenditure			
Donations for the purchase of			
Capital equipment	275,000	192,414	155,016
Minor equipment	25,000	30,458	93,787
Patient comfort items	12,000	36,727	6,195
Other supplies and expenses	36,000	28,051	34,874
Rental expenses, including amortization of $4,539 (2013 -$4,778)	6,000	6,233	10,671
Salaries and benefits	106,000	105,391	102,569
	460,000	399,274	403,112
Annual surplus (deficit)	(13,500)	93,119	208,589
Accumulated surplus			
Beginning of year	1,162,544	1,162,544	953,955
End of year	$ 1,149,044	$ 1,255,663	$ 1,162,544

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
South and Central Health Foundation
Statement of Changes in Net Financial Assets (Debt)

Year ended March 31	2014	2013
Net assets – beginning of year	$ 1,037,368	$ 824,083
Annual surplus (deficit)	93,119	208,589
Changes in capital assets		
Amortization of capital assets	4,539	4,778
Decrease in net book value of capital assets	4,539	4,778
Changes in other non-financial assets		
Increase in prepaids	(26)	(82)
Increase in other non-financial assets	(26)	(82)
Increase in net assets	97,632	213,285
Net assets – end of year	$ 1,135,000	$ 1,037,368

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
South and Central Health Foundation
Statement of Cash Flows

Year ended March 31	2014	2013
Operations		
Annual Surplus	$ 93,119	$ 208,589
Amortization	4,539	4,778
Investment gains/losses	(37,236)	(4,870)
	60,422	208,497
Change in		
Prepaids	(26)	(82)
Due to Central Regional Health Authority	115,057	(132,756)
Accrued vacation pay	180	88
Advance from Central Northeast Health Foundation	(5,000)	5,000
Net cash provided from operations	170,633	80,747
Investing		
Endowment fund investments		
Contributions	(30,834)	(34,565)
Reinvested income	(13,146)	(12,929)
Net cash applied to investing	(43,980)	(47,494)
Financing		
Repayment of long-term debt	-	(95,823)
Net cash applied to financing	-	(95,823)
Net increase (decrease) in cash and cash equivalents	126,653	(62,570)
Cash		
Beginning of year	566,476	629,046
End of year	$ 693,129	$ 566,476

See accompanying notes to the consolidated financial statements

1. Nature of operations

The Central Regional Health Authority ("Central Health") or ("The Authority") is charged with the responsibility for the provision of health care services in the Central region of Newfoundland and Labrador.

The mandate of Central Health is to provide the best possible health and community services and programs which respond to the identified needs of the people of Central Newfoundland and Labrador within available resources.

Central Health is a not-for-profit corporation and is exempt from income taxes and is constituted under the Regional Health Authority's Act.

2. Summary of significant accounting policies

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. Outlined below are those policies considered particularly significant by the Authority.

Basis of consolidation

These consolidated statements represent the consolidated assets, liabilities, revenues and expenses of the following entities which comprise the reporting entity. The reporting entity is comprised of all organizations which are controlled by Central Health including the following:

North Haven Manor Cottages
Valley Vista Cottages
Bonnews Lodge Apartment Complex
Central Northeast Health Foundation
South and Central Health Foundation

Use of estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Items requiring the use of significant estimates include accrued severance, accrued sick leave, useful life of tangible capital assets and allowance for doubtful receivables.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

2. Summary of significant accounting policies (cont'd.)

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of any overdrafts. Bank overdrafts are considered a component of cash and cash equivalents and are secured by approved authority to borrow authorized by the Province's Minister of Health and Community Services.

Revenues

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Transfers are recognized as revenues when the transfer is authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made. Transfers are recognized as deferred revenue when amounts have been received but not all eligibility criteria have been met.

Expenses

Expenses are reported on an accrual basis. Expenses are recognized as they are incurred and measurable based upon the receipt of goods and services or the creation of an obligation to pay.

Deferred revenue

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services in transactions. These amounts are recognized as revenue in the fiscal year the related expenses are incurred, services are performed or when stipulations are met.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives generally extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

Severance and sick pay liability

An accrued liability for severance is recorded in the accounts for all employees who have a vested right to receive such payments. Severance pay vests after nine years of continuous service. An estimate for the provision of employees with less than nine years of service has been determined by actuarial analysis.

An actuarially determined accrued liability has been recorded on the statements for non-vesting sick leave benefits. The cost of non-vesting sick leave benefits are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, long-term inflation rates and discount rates. Actuarial gains or losses are being amortized to the liability and the related expense straight-line over the expected average remaining service life of the employee group.

2. **Summary of significant accounting policies** (cont'd.)

Inventories

Inventories have been determined using the following methods for the various areas. Cost includes purchase price plus the non-refundable portion of applicable taxes.

General stores	At average cost
Drugs	First-in, first-out

Capital assets

The Authority has control over certain lands, buildings and equipment with the title resting with the Government and consequently these assets are not recorded under capital assets. In accordance with an operating agreement with Newfoundland and Labrador Housing Corporation, certain assets of the North Haven Manor Cottage Units Phase I, II, III, North Haven Manor Cottage Units Phase IV, Valley Vista Cottages, and Bonnews Lodge Apartment Complex are being amortized at a rate equal to the annual principal reduction of the mortgages related to the properties.

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Other capital assets are being amortized on a declining balance basis over their useful lives, at the following rates:

Land improvements	5.0%
Buildings and service equipment	5.0%
Information systems equipment	33.3%
Equipment	12.5%
Motor vehicles	20.0%

Capital and operating leases

A lease that transfers substantially all of the risks and rewards incidental to the ownership of property is accounted for as a capital lease. Assets acquired under capital lease result in a capital asset and an obligation being recorded equal to the lesser of the present value of the minimum lease payments and the property's fair value at the time of inception. All other leases are accounted for as operating leases and the related payments are expensed as incurred.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

Replacement reserves

Under certain operating agreements with Newfoundland and Labrador Housing Corporation (NLHC) the Authority is required to maintain a Replacement Reserve Fund which is to be used to fund major maintenance and the purchase of capital assets. These funds may only be used as approved by NLHC. Transactions in the reserves are shown in Note 11.

2. Summary of significant accounting policies (cont'd.)

Pension costs

Employees of Central Health are covered by the Public Service Pension Plan and the Government Money Pension Plan administered by the Province of Newfoundland and Labrador. Contributions to the plans are required from both the employees and Central Health. The annual contributions for pensions are recognized in the accounts on a current basis.

Financial instruments

The Authority recognizes a financial asset or a financial liability on its statement of financial position when the Authority becomes a party to the contractual provision of the financial instrument. The Authority initially measures its financial assets and liabilities at fair value, except for certain non-arms length transactions. The Authority subsequently measures all its financial assets and liabilities at amortized cost except for investments restricted for endowment purposes which are subsequently measured at fair value.

Financial assets measured at amortized cost include cash and cash equivalents, receivables, trust funds and replacement reserve funding. Financial assets measured at fair value are investments restricted for endowment purposes.

Financial liabilities measured at amortized cost include bank indebtedness, payables and accruals, employee future benefits, deferred grants, long-term debt, obligations under capital lease, trust funds, security deposits, replacement reserves and scholarship and library funds payable.

Unless otherwise noted, it is management's opinion that the Authority is not exposed to significant interest, currency or credit risks.

3. Cash

	2014	2013
Operating:		
Cash	$ 14,425	$ 14,725
Bank – current accounts	15,397,025	4,724,173
	15,411,450	4,738,898
Cash and bank other:		
North Haven Manor Cottage Units Phase I, II, III	90,956	101,154
North Haven Manor Cottage Units Phase IV	15,174	16,843
Valley Vista Cottages	31,977	57,704
Central Northeast Health Foundation	459,958	270,303
South and Central Health Foundation	693,129	566,476
	$ 16,702,644	$ 5,751,378

The Authority has access to a $15 million line of credit in the form of revolving demand loans at its bankers. These loans have been approved by the Minister of Health and Community Services. This line of credit was unused at March 31, 2014.

4. Receivables	2014	2013
Operating		
Provincial plan grants - operating	$ 8,122,160	$ 11,642,498
Capital grants	471,198	9,007,157
Patient, rents and other	6,547,707	5,851,065
MCP	1,927,960	2,322,177
Cancer Foundation	1,166,415	839,072
HST	663,427	858,948
	18,898,867	30,520,917
Allowance for doubtful	501,712	902,133
	18,397,155	29,618,784
North Haven Manor Cottages Phase I,II,III		
Trade	-	47
Due from NLHC - operating subsidy	6,270	6,270
	6,270	6,317
North Haven Manor Cottages Phase IV		
Trade	27	-
Accrued interest	532	574
Due from NLHC - operating subsidy	2,205	3,401
	2,764	3,975
Valley Vista Cottages		
Trade	-	455
Due from NLHC - operating subsidy	4,257	4,434
	4,257	4,889
Central Northeast Health Foundation		
Trade	3,485	-
South and Central Health Foundation	-	5,000
	3,485	5,000
	$ 18,413,931	$ 29,638,965

5. Investments restricted for general endowment purposes

The Central Northeast Health Foundation Inc. and the South and Central Health Foundation maintain a joint investment restricted for general endowment purposes, with their proportionate market value as follows:

	2014	2013
Central Northeast Health Foundation Inc.	$ 216,425	$ 187,713
South and Central Health Foundation	587,384	506,169
	$ 803,809	$ 693,882

6. Payables and accruals

	2014	2013
Operating		
Trade	$ 14,993,603	$ 15,881,809
Residents comfort fund	31,011	27,987
Accrued - wages	11,987,667	10,953,020
- interest	38,487	39,121
	27,050,768	26,901,937
North Haven Manor Cottage Units Phase I,II,III		
Trade	24,863	7,108
Accrued interest	1,585	2,035
	26,448	9,143
North Haven Manor Cottage Units Phase IV		
Trade	1,613	1,612
Accrued interest	532	574
	2,145	2,186
Valley Vista Cottages		
Trade	1,500	1,500
Accrued interest	1,125	1,818
	2,625	3,318
Bonnews Lodge Apartment Complex		
Trade	3,186	1,056
Accrued interest	740	840
Due to NLHC - operating subsidy	6,203	9,435
	10,129	11,331
South and Central Health Foundation		
Central Northeast Health Foundation	-	5,000
	$ 27,092,115	$ 26,932,915

7. Employee future benefits

Future employee benefits related to accrued severance and accrued sick obligations have been calculated based on an actuarial valuation completed on June 19, 2012 and extrapolated to March 31, 2014. The assumptions are based on future events. The economic assumptions used in the valuation are Central Health's best estimates of expected rates as follows:

	2014	2013
Wages and salary escalation	2.75%	4.00%
Interest	3.90%	3.60%

Based on actuarial valuation of the liability, at March 31, 2014 the results for sick leave are:

	2014	2013
Accrued sick pay obligation, beginning	$ 17,299,918	$ 16,975,809
Current period benefit cost	1,754,054	1,669,770
Benefit payments	(2,209,855)	(2,237,440)
Interest on the accrued benefit obligations	614,593	642,641
Actuarial (gains) losses	(922,917)	249,138
Accrued sick pay obligations, at end	$ 16,535,793	$ 17,299,918

Based on actuarial valuation of the liability, at March 31, 2014 the results for severance are:

	2014	2013
Accrued benefit obligation, beginning	$ 30,105,639	$ 27,945,147
Current period benefit cost	2,047,131	2,027,108
Benefit payments	(1,732,175)	(1,597,392)
Interest on the accrued benefit obligation	1,089,473	1,084,159
Actuarial (gains) losses	(2,041,598)	646,617
Accrued severance obligation, at end	$ 29,468,470	$ 30,105,639

A reconciliation of the accrued benefit liability and the accrued benefit obligation is as follows:

Sick benefits

	2014	2013
Accrued benefit liability	$ 16,207,839	$ 15,933,637
Unamortized actuarial losses	327,954	1,366,281
Accrued benefit obligation	$ 16,535,793	$ 17,299,918

Severance benefits:

	2014	2013
Accrued benefit liability	$ 28,462,499	$ 26,777,716
Unamortized actuarial losses	1,005,971	3,327,923
Accrued benefit obligation	$ 29,468,470	$ 30,105,639

8. Deferred grants

	2014	2013
Deferred operating grants	$ 3,215,438	$ 1,476,500
Deferred capital grants	24,316,284	27,735,718
	$ 27,531,722	$ 29,212,218

9. Long-term debt

	2014	2013
Operating		
2.4% CMHC mortgage on Lakeside Homes; repayable in equal monthly instalments of $12,112, interest included; maturing April, 2020, renewable October, 2015	$ 822,086	$ 946,166
7.5% CMHC mortgage on Lakeside Homes; repayable in equal monthly instalments of $4,574, interest included; maturing July, 2023	369,992	396,477
Prime minus 1.1% Canadian Imperial Bank of Commerce deferred demand loan; repayable in equal monthly instalments of $3,056, plus interest; maturing December, 2018	174,113	210,785
3.53% Canadian Imperial Bank of Commerce loan for Carmelite House, unsecured; repayable in equal monthly instalments of $58,386, interest included; maturing January, 2027	7,222,004	7,659,294
4.89% Canadian Imperial Bank of Commerce mortgage on 3 Twomey Dr, Botwood housing; repayable in equal monthly instalments of $431, interest included; maturing July, 2027, renewable July, 2014	50,385	53,051
4.89% Canadian Imperial Bank of Commerce mortgage on 145 Commonwealth Ave, Botwood housing; repayable in equal monthly instalments of $390, interest included; maturing June, 2027, renewable July, 2014	45,611	48,024
2.46% Canadian Imperial Bank of Commerce mortgage on hospital renovations; repayable in equal monthly instalments of $8,423, interest included; matured January, 2014	-	83,288

9. Long-term debt (cont'd.)	2014	2013
8.0% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Senior Citizens Home; repayable in equal monthly instalments of $10,124, interest included; maturing August, 2027	**1,006,484**	1,047,000
7.88% Newfoundland and Labrador Housing Corporation mortgage on Authority offices; repayable in equal monthly instalments of $8,165, interest included; maturing August, 2024	**704,060**	745,558
2.61% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Senior Citizens Home; repayable in equal monthly instalments of $7,900, interest included; maturing July, 2019, renewable September, 2014	**471,625**	553,023
Prime minus 1.1% Canadian Imperial Bank of Commerce deferred demand loan; repayable in equal , monthly instalments of $6,199, plus interest; maturing 2015	**74,385**	148,769
2.99% Bank of Nova Scotia 1st mortgage on land and building at 1 Newman's Hill, Twillingate; repayable in equal monthly instalments of $406, interest included; maturing July, 2024, renewable May, 2017	**43,288**	46,765
2.99% Bank of Nova Scotia 1st mortgage on land and building at 42 Howlett's Road, Twillingate; repayable in equal monthly instalments of $352, interest included; maturing April, 2020, renewable May, 2017	**23,462**	26,900
2.89% Bank of Nova Scotia 1st mortgage on land and building at 30 Smith's Lane, Twillingate; repayable in equal monthly instalments of $350, interest included; maturing July , 2020, renewable December, 2016	**24,284**	27,770
	11,031,779	11,992,870

9. **Long-term debt** (cont'd.)	2014	2013
North Haven Manor Cottages Phase I,II,III		
4.25% Industrial Alliance Insurance and Financial Services Inc. mortgage on North Haven Manor Cottages; repayable in equal monthly instalments of $8,668, interest included; maturing December, 2016	$ 269,652	$ 360,228
1.64% Newfoundland and Labrador Housing Corporation mortgage on North Haven Manor Cottages; repayable in equal monthly instalments of $8,541, interest included; maturing November, 2018	460,156	554,286
	729,808	914,514
North Haven Manor Cottages Phase IV		
1.67% Newfoundland and Labrador Housing Corporation mortgage on North Haven Manor Cottages; repayable in equal monthly instalments of $3,029, interest included maturing July, 2025, renewable April, 2017	375,080	404,908
Valley Vista Cottages		
2.26% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Cottages; repayable in equal monthly instalments of $4,865, interest included; maturing June, 2016	127,937	182,766
1.53% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Cottages; repayable in equal monthly instalments of $9,738 interest included; maturing December, 2017	425,500	534,906
1.67% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Cottages; repayable in equal monthly instalments of $4,807, interest included; maturing May, 2018, renewable June, 2016	232,023	284,842
	785,460	1,002,514
Bonnews Lodge Apartment Complex		
2.04% Newfoundland and Labrador Housing Corporation 1st mortgage on Bonnews Apartment Complex; repayable in equal monthly instalments of $3,714 interest included; maturing December, 2024, renewable April, 2019	427,092	462,408
	$ 13,349,219	$ 14,777,214

9. Long-term debt (cont'd.)

The aggregate amount of principal payments estimated to be required in each of the next five years and thereafter is as follows:

2015	$ 1,386,119
2016	1,354,015
2017	1,327,819
2018	1,247,381
2019	1,108,705
Thereafter	6,925,180

10. Obligations under capital lease

The Authority has entered into a number of agreements whereby it leases certain equipment for a term of five years. These leases are accounted for as capital leases with the Authority treating the equipment as an acquisition of an asset and the assumption of an obligation. The effective interest rate is 4.85%.

The following is a schedule of future minimum lease payments under the capital leases:

Year ending March 31, 2015	$ 119,564
Total minimum lease payments	119,564
Less amount representing interest	1,662
Balance of obligation	$ 117,902

11. Replacement reserves	2014	2013
North Haven Manor Cottages Phase I,II,III		
Balance, beginning	$ 2,171	$ 12,239
Add:		
Allocation for year	30,220	30,220
Contributions from Authority	12,900	12,900
	45,291	55,359
Less:		
Approved expenditures	36,613	53,188
Balance, ending	8,678	2,171
North Haven Manor Cottages Phase IV		
Balance, beginning	82,643	76,010
Add:		
Newfoundland and Labrador Housing Corporation transfer from subsidy account for prior year's expenditures	-	6,633
	82,643	82,643
Less:		
Approved expenditures	-	-
Balance, ending	82,643	82,643
Valley Vista Cottages		
Balance, beginning	6,815	6,892
Add:		
Allocation for year	30,000	30,000
	36,815	36,892
Less:		
Approved expenditures	31,137	30,077
Balance, ending	5,678	6,815
Bonnews Lodge Apartment Complex		
Balance, beginning	62,400	62,400
Less:		
Approved expenditures	-	-
Balance, ending	62,400	62,400
	$ 159,399	$ 154,029
Funding		
Replacement reserve funds	$ 14,356	$ 8,986
Due from Newfoundland and Labrador Housing Corporation	145,043	145,043
	$ 159,399	$ 154,029

12. Capital assets

			2014	2013
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Operating				
Land	$ 450,991	$ -	$ 450,991	$ 450,991
Land improvements	1,031,547	735,710	295,837	311,407
Buildings and service equipment	65,474,050	45,526,115	19,947,935	20,997,826
Equipment	115,700,787	84,399,640	31,301,147	31,316,922
Equipment under capital lease	2,781,898	2,491,629	290,269	381,242
Motor vehicles	3,240,433	2,433,684	806,749	1,008,436
Motor vehicles under capital lease	196,503	179,424	17,079	21,349
	188,876,209	135,766,202	53,110,007	54,488,173
North Haven Manor Cottages Phase I, II, III				
Land	16,900	-	16,900	16,900
Land improvements	180,500	113,559	66,941	77,951
Buildings	3,268,158	2,173,236	1,094,922	1,287,520
Equipment	113,848	72,444	41,404	48,529
	3,579,406	2,359,239	1,220,167	1,430,900
North Haven Manor Cottages Phase IV				
Land	24,571	-	24,571	24,571
Buildings	687,616	322,107	365,509	395,337
	712,187	322,107	390,080	419,908
Valley Vista Cottages				
Land	27,014	-	27,014	27,014
Buildings	3,588,770	2,800,564	788,206	1,003,323
Equipment	33,262	29,797	3,465	5,402
	3,649,046	2,830,361	818,685	1,035,739
Bonnews Lodge Apartment Complex				
Land	774	-	774	774
Buildings	870,022	446,723	423,299	458,365
Equipment	6,204	3,185	3,019	3,268
	877,000	449,908	427,092	462,407
South and Central Health Foundation				
Land	33,134	-	33,134	33,134
Buildings	119,143	32,902	86,241	90,778
	152,277	32,902	119,375	123,912
	$ 197,846,125	$ 141,760,719	$ 56,085,406	$ 57,961,039

13. Inventories

	2014	2013
General stores	$ 941,401	$ 891,060
Drugs	1,298,588	1,355,795
	$ 2,239,989	$ 2,246,855

14. Prepaids

	2014	2013
Operating		
Equipment maintenance	$ 828,763	$ 1,153,941
Malpractice and membership fees	58,249	112,399
General insurance	236,651	365,088
Workplace Health, Safety and Compensation Commission	4,308,368	4,261,490
Municipal taxes	645,055	625,167
Other	753,751	1,146,888
	6,830,837	7,664,973
Municipal taxes		
North Haven Manor Cottage Units Phase I, II, III	65,269	46,530
North Haven Manor Cottage Units Phase IV	5,109	5,109
Valley Vista Cottages	34,234	33,176
South and Central Health Foundation	1,290	1,264
	$ 6,936,739	$ 7,751,052

15. Operating subsidies

The Authority has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act to reduce operating costs. The amount of assistance received from Newfoundland and Labrador Housing Corporation in 2014 was $56,805 (2013 - $56,805) for operating facilities and $370,144 (2013 - $398,150) for the Authority's Cottage operations.

Also during the prior year it was determined that the grants for the Authority's Cottages were overpaid in prior years' by $176,321; consequently the overpayment was reimbursed by North Haven Manor Cottage Units Phase I,II,III, thus reducing the grants in the Cottage operations from $398,150 to $221,829.

16. Commitments

Operating leases

The Authority has a number of agreements whereby it leases property and equipment in addition to those disclosed under Note 12. These agreements range in terms from one to five years. These leases are accounted for as operating leases. Future minimum lease payments under operating leases are as follows:

2015	$ 264,200
2016	154,619
2017	129,114
2018	49,152
2019	468

17. Contingencies:

As of March 31, 2014 there were a number of legal claims against the Authority in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Authority with respect to these claims, but management and the insurers believe any claims, if successful, will be covered by liability insurance.

18. Comparative figures

Certain of the comparative figures have been restated to conform to the financial statement presentation used in the current year.

The comparative figures were audited by another accounting firm.

Grant Thornton

Financial Statements

Chicken Farmers of Newfoundland and Labrador

December 31, 2013

Statement of Responsibility

The accompanying financial statements are the responsibility of the management of the Chicken Farmers of Newfoundland and Labrador (the "Board") and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

The Board met with management and its external auditors to review a draft of the financial statements and to discuss any significant financial reporting or internal control matters prior to their approval of the finalized financial statements.

Grant Thornton LLP as the Board's appointed external auditors, have audited the financial statements. The auditor's report is addressed to the Directors of the Board and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position and results of the Board in accordance with Canadian public sector accounting standards.

Ruth Noseworthy Chair Ed O'Reilly Director

GrantThornton

Independent Auditors' Report

Grant Thornton LLP
Suite 300
15 International Place
St. John's, NL
A1A 0L4

T (709) 778-8800
F (709) 722-7892
www.GrantThornton.ca

To the Directors of

Chicken Farmers of Newfoundland and Labrador

We have audited the accompanying financial statements of Chicken Farmers of Newfoundland and Labrador, which comprise the statement of financial position as at December 31, 2013 and the statement of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian public sector accounting standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Audit • Tax • Advisory
Grant Thornton LLP. A Canadian Member of Grant Thornton International Ltd

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Chicken Farmers of Newfoundland and Labrador as at December 31, 2013, and its financial performance and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

St. John's, Canada

March 6, 2014

Chartered Accountants

Chicken Farmers of Newfoundland and Labrador

Statement of Financial Position

December 31	2013	2012
Financial assets		
Cash and cash equivalents	$ 95,657	$ 89,397
Receivables (Note 5)	23,632	22,781
Investment	15,651	15,651
	$ 134,940	$ 127,829
Liabilities		
Payables and accruals	$ 23,409	$ 27,557
Accrued severance pay	7,922	6,601
	31,331	34,158
Net financial assets	$ 103,609	$ 93,671
Non-financial assets		
Prepaids	$ 3,110	$ 2,496
Tangible capital assets (Note 6)	5,371	3,118
	8,481	5,614
Accumulated surplus	$ 112,090	$ 99,285

Commitments (Note 7)

On behalf of the Board

Ruth Noseworthy Chair Ed O'Reilly Director

See accompanying notes to the financial statements.

Chicken Farmers of Newfoundland and Labrador

Statements of Operations and Changes in Accumulated Surplus

Year Ended December 31	Actual 2013	(Note 8) Budget 2013	Actual 2012
Revenue			
Levies	$ 284,205	$ 277,500	$ 281,724
Grant funded projects	4,448	-	3,300
CFC Summer meeting	49,622	-	-
Interest and miscellaneous	1,771	120	253
	340,046	277,620	285,277
Other costs			
Costs for Grant funded projects	12,588	9,000	13,036
Costs for CFC Summer meeting	52,033	-	-
	275,425	268,620	272,241
Expenses (Page 13)			
Administration	$ 102,486	$ 101,076	$ 121,335
Regulatory	117,148	118,087	117,883
Promotion	22,452	27,076	29,702
Facilitation	20,534	23,185	21,132
	262,620	269,424	290,052
Annual surplus (deficit)	$ 12,805	$ (804)	$ (17,811)
Accumulated surplus, beginning of year	$ 99,285	$ 99,285	$ 117,096
Annual surplus (deficit)	12,805	(804)	(17,811)
Accumulated surplus, end of year	$ 112,090	$ 98,481	$ 99,285

See accompanying notes to the financial statements.

Chicken Farmers of Newfoundland and Labrador

Statement of Changes in Net Financial Assets

Year Ended December 31	Actual 2013	(Note 8) Budget 2013	Actual 2012
Annual surplus (deficit)	$ 12,805	$ (804)	$ (17,811)
Amortization of tangible capital assets	943	950	827
Purchase of tangible capital assets	(3,196)	-	-
(Increase) decrease in prepaids	(614)	-	354
Increase (decrease) in net assets	9,938	146	(16,630)
Net financial assets, beginning of year	93,671	93,671	110,301
Net financial assets, end of year	$ 103,609	$ 93,817	$ 93,671

See accompanying notes to the financial statements.

Chicken Farmers of Newfoundland and Labrador

Statement of Cash Flows

Year Ended December 31	2013	2012
(Decrease) increase in cash and cash equivalents		
Operating		
Annual surplus (deficit)	$ 12,805	$ (17,811)
Change in non-cash items		
Accrued severance pay	1,321	1,705
Depreciation	943	827
Receivables	(851)	(1,676)
Prepaids	(614)	354
Current portion of long-term receivable	-	16,940
Payables and accruals	(4,148)	(2,481)
Deferred grant revenue	-	-
Cash provided by (used in) operating transactions	9,456	(2,142)
Investing		
Purchase of tangible capital assets	(3,196)	-
Cash provided by investing transactions	(3,196)	-
Increase (decrease) in cash and cash equivalents	6,260	(2,142)
Cash and cash equivalents, beginning of year	89,397	91,539
Cash and cash equivalents, end of year	$ 95,657	$ 89,397

See accompanying notes to the financial statements.

Chicken Farmers of Newfoundland and Labrador

Notes to the Financial Statements

December 31, 2013

1. Nature of operations

The Chicken Farmers of Newfoundland and Labrador was established in 1981 by the *Newfoundland and Labrador Chicken Marketing Scheme, 1980*, under the *Natural Products Marketing Act, 1973* (Act), to provide for the effective promotion, control and regulation of the production and marketing of chicken in Newfoundland and Labrador. The Board is responsible for administering the regulations as provided for in the Act under the laws of the Province of Newfoundland and Labrador.

2. Chicken Farmers of Canada

Pursuant to authority given to it under the Farm Products Marketing Act of Canada, the Chicken Farmers of Canada (CFC) collects levies from provincial commodity boards. The Chicken Farmers of Newfoundland and Labrador collects these levies directly from the processor and remits them to CFC. There were $83,367 of levies collected in 2013 (2012 - $82,[illegible]).

3. Summary of significant accounting policies

Basis of presentation

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants and reflect the following significant accounting policies.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the period. Items requiring the use of significant estimates include the useful life of capital assets, estimated accrual severance rates for amortization and impairment of assets.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

Levies

The Board charges levies to the producer based on volume of chicken marketed in Newfoundland and Labrador. Revenue is recognized when the chicken is produced/marketed and collectability is reasonably assured.

3. Summary of significant accounting policies (cont'd.)

Grant revenue

Revenue from grants is recognized as deferred revenue when amounts have been received but not all eligibility criteria have been met.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks, and short term investments with maturities of three months or less. Bank borrowings are considered to be financing activities.

Investment

Non-redeemable guaranteed investment certificates are classified as investments. Interest related to these investments is accrued as earned. The carrying value of this investment approximates its fair value.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives generally extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

Tangible capital assets

Tangible capital assets are recorded at cost. Depreciation is provided annually at rates calculated to write off the assets over their estimated useful life as follows, except in the year of acquisition when one half of the rate is used.

Furniture and equipment	20%, declining balance

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

3. **Summary of significant accounting policies** (cont'd.)

Accrued severance pay

Severance pay will be awarded at the rate of one week of salary per year of service to a maximum of 20 weeks and is calculated based upon current salary levels. The amount is payable when the employee ceases employment with the Board.

Financial instruments

The Board considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Board accounts for the following as financial instruments:

- cash and cash equivalents;
- receivables;
- investments; and
- payables and accruals.

A financial asset or liability is recognized when the Board becomes party to contractual provisions of the instrument.

The Board initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Board subsequently measures its financial assets and financial liabilities at cost or amortized cost, except for derivatives and equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in annual surplus.

Financial assets measured at cost include cash and cash equivalents and receivables.

Financial assets measured at fair value include the investment.

Financial liabilities measured at cost include payables and accruals.

The Board removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net annual surplus.

4. Operating Agreement

The Chicken Farmers of Newfoundland and Labrador has entered into an Agreement with the other provincial boards known as the Operating Agreement. This Agreement provides for levy assessment should a province over produce its allocation from CFC.

As part of this agreement, the Chicken Farmers of Newfoundland and Labrador has filed a letter of credit to CFC in respect of any possible over marketing levies assessed. The letter of credit as at December 31, 2013 was $28,658 (2012 - $28,658).

5. Receivables

	2013	2012
Levies	$ 21,217	$ 22,679
Accrued interest	-	102
Travel advances	2,415	-
	$ 23,632	$ 22,781

6. Tangible capital assets

			2013	2012
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and equipment	$ 37,384	$ 32,015	$ 5,369	$ 3,118

7. Commitments

The Board has a commitment under an operating lease for a photocopier. Payments for the next two years are as follows:

2014 - $3,187; and 2015 - $1,859

8. Budget figures

The reconciliation between the Board's approved financial plan and the PSAB budget figures used in these statements is disclosed in the Schedule of Reconciliation of the Financial Plan to the Budget.

9. Financial instruments

The Board's financial instruments consist of cash and cash equivalents, receivables, investment and payables and accruals. The book value of cash and cash equivalents, receivables, payables and accruals approximate fair value due to their short term maturity date. The investment includes a non redeemable guaranteed investment certificate and interest in accrued as earned, therefore the carrying value of this investment approximate its fair value.

Risks and concentrations

The Board is exposed to various risks through its financial instruments. The following analysis provides a measure of the Board's risk exposure and concentrations at December 31, 2013.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Board is exposed to this risk mainly in respect of its payables and accruals in the amount of $23,409 (2012 - $27,557). The Board reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due. In the opinion of management the liquidity risk exposure to the Board is low and not material.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Board's main credit risk relates to its receivables of $23,632 (2012 - $22,781). The Board only receives levies, which are legislated by the Province, from one producer and in the opinion of management the credit risk exposure to the Board is low.

Chicken Farmers of Newfoundland and Labrador

Schedule of Expenses

December 31	2013	2012
	Actual	Actual
Administration		
Depreciation	$ 943	$ 827
Federation of Agriculture	12,200	12,558
Honorariums	12,000	12,000
Insurance	1,639	1,674
Interest and bank charges	1,451	1,804
Office and postage	3,922	5,205
Per diems	14,350	15,875
Professional fees	15,252	29,038
Rent	3,003	2,836
Telephone	4,846	5,974
Travel and meetings	5,018	7,318
Wages and benefits	27,861	26,226
	$ 102,486	$ 121,335
Regulation		
Levy – CFC	$ 83,367	$ 82,639
Office and postage	1,263	1,170
Travel and meetings	3,926	7,058
Wages and benefits	28,592	27,016
	$ 117,148	$ 117,883
Promotion		
Donations	$ -	$ 595
Office and postage	573	500
Promotion	7,202	13,262
Travel and meetings	1,680	3,064
Wages and benefits	12,997	12,281
	$ 22,452	$ 29,702
Facilitation		
Office and postage	$ 764	$ 691
Travel and meetings	2,440	4,067
Wages and benefits	17,330	16,374
	$ 20,534	$ 21,132
Total expenses	$ 262,620	$ 290,052

Chicken Farmers of Newfoundland and Labrador

Schedule of Reconciliation of the Financial Plan to the Budget

Year Ended December 31, 2013

	Financial Plan	Adjustments	PSAB Budget
Revenue			
Producer levies	277,500	-	277,500
Interest income	120	-	120
	277,620	-	277,620
Less:			
Costs for Grant funded projects	(9,000)	-	(9,000)
Net revenue	$ 268,620	$ -	$ 268,620
Operating expenses			
Administration	$ 101,076	$ -	$ 101,076
Regulation	118,087	-	118,087
Promotion	27,076	-	27,076
Facilitation	22,235	950	23,185
Total expenses	$ 268,474	$ 950	$ 269,424
Surplus (deficit)	$ 146	$ (950)	$ (804)

Grant Thornton

College of the North Atlantic
Financial Statements
March 31, 2014

COLLEGE OF THE
North Atlantic

Statement of responsibility

The accompanying financial statements are the responsibility of the management of the College of the North Atlantic (the "College") and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

The Board of Governors met with management and its external auditors to review a draft of the financial statements and to discuss any significant financial reporting or internal control matters prior to their approval of the finalized financial statements.

Grant Thornton LLP as the College's appointed external auditors, have audited the financial statements. The auditor's report is addressed to the Board of Governors and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position and results of the College in accordance with Canadian public sector accounting standards.

Cheryl Stagg

Board Chair

Vice President,
Finance and Administration

Grant Thornton

Independent auditors' report

Grant Thornton LLP
Suite 300
15 International Place
St. John's, NL
A1A 0L4

T +1 709 778 8800
F +1 709 722 7892
www.GrantThornton.ca

To the Board of Governors of the College of the North Atlantic

We have audited the accompanying financial statements of College of the North Atlantic, which comprise the financial position as at March 31, 2014 and the results of operations, changes in net debt, and cash flows for the year ended March 31, 2014 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of College of the North Atlantic as at March 31, 2014 and the results of its operations, changes in net debt, and its cash flows for the year ended March 31, 2014 in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

St. John's, Canada

June 25, 2014

Chartered Accountants

College of the North Atlantic
Statement of Financial Position
Year Ended March 31, 2014

	March 31 2014	March 31 2013
Financial Assets		
Cash	$ 19,218,361	$ 16,706,869
Accounts receivable (Note 3)	20,084,334	27,406,604
Inventories for resale	1,559,990	1,314,012
Trust funds on deposit (Note 4)	3,468,390	3,343,087
	$ 44,331,075	$ 48,770,572
Liabilities		
Accounts payable & accrued liabilities (Note 5)	$ 9,849,124	$ 10,403,444
Vacation pay accrual	8,627,754	9,701,601
Post-employment benefits (Note 6)	14,485,040	14,604,528
Compensated absences (Note 6)	10,975,409	10,772,408
Due to Qatar Campus (Note 7)	10,795,613	10,670,319
Deferred contributions - operating (Note 8)	4,281,030	4,639,655
Trust funds payable (Note 4)	3,468,390	3,343,087
	$ 62,482,360	$ 64,135,042
Net Debt	$ (18,151,285)	$ (15,364,470)
Non-Financial Assets		
Tangible capital assets (Schedule 1)	$ 27,535,631	$ 28,851,000
Inventories held for use	89,696	78,098
Prepaid expenses	1,643,061	1,440,084
	29,268,388	30,369,182
Accumulated surplus	$ 11,117,103	$ 15,004,712

Commitments (Note 9)
Contingent liabilities (Note 10)

Approved:

Board Chair ______________

Board Member ______________

See accompanying notes.

College of the North Atlantic
Statement of Operations
Year Ended March 31, 2014

	2014 Budget (Note 14)	2014	2013
Revenue (Schedule 2)			
Grants and reimbursements	$ 63,620,240	$ 63,214,706	$ 91,103,258
Subsidy	17,200,000	20,543,046	21,207,000
Tuition	12,574,099	12,282,662	12,113,372
Classroom/video rental	15,000	15,000	20,000
Interest	200,000	281,304	181,344
Fees	650,271	695,832	666,106
Apprenticeship	4,156,463	5,637,926	5,662,188
Bookstore	2,722,500	2,719,547	2,814,605
Corporate	2,295,285	3,127,881	2,490,489
Daycare	487,445	514,956	495,512
Equipment and materials	1,682,359	1,610,863	1,578,216
Food services	1,202,000	1,210,258	1,192,535
International	1,060,976	1,205,215	1,037,635
Parking	7,750	4,800	7,719
Residence	339,700	337,060	319,318
Special projects	4,959,947	4,009,343	4,130,977
Qatar project	10,963,588	10,252,412	10,601,883
Other	469,135	653,952	589,676
Total revenue	124,606,758	128,316,763	156,211,833
Expenditures (Schedules 3 to 15)			
Facilities	4,789,204	4,988,239	4,959,076
Administration	17,119,478	16,203,946	15,775,912
Instructional	73,191,499	68,711,488	76,331,528
Student services	10,795,410	10,100,084	11,032,928
Information technology	8,045,916	5,512,634	6,823,838
Resale	5,030,869	5,153,639	5,372,142
Apprenticeship	4,148,852	4,385,707	4,100,978
Continuing education	728,809	724,425	783,937
Contracts	4,585,859	4,697,004	4,321,162
International	648,969	593,438	555,977
Special projects	4,261,366	3,274,245	3,761,559
Qatar project	2,134,519	1,675,457	2,164,353
Total expenditure	135,480,750	126,020,306	135,983,390
Annual Surplus (Deficit) before adjustments:	(10,873,992)	2,296,457	20,228,443
Less adjustments for undernoted items:			
Amortization of tangible capital assets	7,415,994	7,256,519	7,171,478
Accrued post-employment benefits	600,000	(163,570)	622,368
Accrued compensated absences	300,000	203,001	251,506
Accrued annual leave	300,000	(1,111,884)	68,818
Total adjustment for above noted items	8,615,994	6,184,066	8,114,170
Annual Surplus (Deficit)	(19,489,986)	(3,887,609)	12,114,273
Accumulated surplus, beginning of year	15,004,712	15,004,712	2,890,439
Accumulated surplus, end of year	$ (4,485,274)	$ 11,117,103	$ 15,004,712

See accompanying notes.

College of the North Atlantic
Statement of Change in Net Financial Assets (Debt)
Year Ended March 31, 2014

	2014 Budget (Note 14)	2014 Total	2013 Total
Annual surplus (deficit)	$ (19,489,986)	$ (3,887,609)	$ 12,114,273
Changes in tangible capital assets			
Acquisition of tangible capital assets	(7,383,013)	(6,006,311)	(7,992,545)
Write-downs on tangible capital assets	-	23,800	
(Gain) loss on sale of tangible capital assets	-	41,361	2,371
Amortization of tangible capital assets	7,415,994	7,256,519	7,171,478
Increase (decrease) in net book value of tangible capital assets	32,981	1,315,369	(818,696)
Changes in other non-financial assets			
Acquisition of prepaid expenses (net of usage)	-	(202,977)	141,213
Acquisition of inventory of supplies (net of usage)	-	(11,598)	(16,698)
Increase (Decrease) in other non-financial assets	-	(214,575)	124,515
(Increase) decrease in net financial assets (debt)	(19,457,005)	(2,786,815)	11,420,092
Net financial assets (debt) at beginning of year	(15,364,470)	(15,364,470)	(26,784,562)
Net financial assets (debt) at end of year	$ (34,821,475)	$ (18,151,285)	$ (15,364,470)

See accompanying notes.

College of the North Atlantic
Statement of Cash Flow
Year Ended March 31, 2014

	2014	2013
Operating		
Annual surplus (deficit)	$ (3,887,609)	$ 12,114,273
Add (deduct) non-cash items:		
Amortization of capital assets	7,256,519	7,171,478
Accrued post-employment benefits - increase (decrease)	(119,488)	672,062
Accrued compensated absences - increase (decrease)	203,001	251,506
	3,452,423	20,209,319
Changes in:		
Receivables	7,322,270	(14,903,089)
Inventory	(257,576)	(5,506)
Prepaid expenses	(202,977)	141,213
Deferred contributions - operating	(358,625)	211,618
Payables and accruals	(1,628,167)	(818,940)
Due to Qatar campus	125,294	8,527,439
Net cash provided by operating transactions	8,452,642	13,362,054
Capital		
Acquisitions of tangible capital assets	(6,006,311)	(7,992,545)
Write-downs on tangible capital assets	23,800	
Proceeds on sale of tangible capital assets	41,361	2,371
Net cash applied to capital transactions	(5,941,150)	(7,990,174)
Net cash provided (applied)	2,511,492	5,371,880
Cash, beginning of year	16,706,869	11,334,989
Cash, ending of year	$ 19,218,361	$ 16,706,869

See accompanying notes.

College of the North Atlantic
Notes to Financial Statements
For the twelve months ending March 31, 2014

1 **Nature of operations**

The College of the North Atlantic (the College) operates under the authority of the College Act, 1996, Province of Newfoundland and Labrador. In accordance with Section 6 of the College Act, 1996, the College is a statutory crown corporation and as such is not subject to either Federal or Provincial income taxes and is exempt from Municipal taxes. The College is Newfoundland and Labrador's public college. The College is committed to providing accessible, responsive, quality learning opportunities which prepare people to become self-sufficient contributors to social and economic development both in a provincial and global context.

2 **Summary of significant accounting policies**

The financial statements of the College have been prepared within the framework of Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants and reflect the following significant accounting policies:

(a) *Revenue recognition*

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenses are incurred, services are performed or when stipulations are met. Federal and provincial revenues for operating and capital purposes are recognized in the period in which all eligibility criteria or stipulations have been met. When revenue is received without eligibility criteria or stipulations, it is recognized when the transfer from the applicable Government is authorized.

Tuition fees and contract training revenues are recognized as income to the extent that the related courses and services are provided within the fiscal year of the college. Ancillary revenues including parking, bookstore, residence and other sundry revenues are recognized when products are delivered or services are provided to the student or client, the sales price is fixed and determinable, and collection is reasonably assured.

Management fees for operating and administering a College in the State of Qatar are recognized as earned.

(b) *Inventories for resale*

Inventory which consists mainly of books and food supplies is recorded at the lower of cost or net realizable value. The amount of any write-downs of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurred. For the year ended March 31, 2014, the write-down of inventory was $81,982 (2013 - $99,555).

(c) *Tangible Capital Assets*

Tangible capital assets recorded prior to the April 1, 1997 amalgamation of the former Colleges are recorded at either cost, nominal, or approximate fair value. Tangible capital assets acquired after April 1, 1997 are recorded at cost.

Amortization is recorded on a straight line basis using the following estimated useful lives:

Artwork	No amortization
Capital improvements	10 years
ERP - PeopleSoft	10 years
Computer and peripherals	3 years
Furnishings	5 years
Instructional equipment	5 years
Other electronic equipment	5 years
Software	3 years
Vehicles	5 years

(c) *Tangible Capital Assets (cont'd)*

One half year's amortization is taken in the year of acquisition. No amortization is recorded for assets under development.

The value of donated artwork has not been recorded in these financial statements.
An accurate valuation of donated artwork has not been obtained at March 31, 2014.

Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments that extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the college's ability to provide service, and the value of future economic benefits associated with the capital asset is less than the net book value, the carrying value of the capital asset is reduced to reflect the decline in the asset's value.

The land and buildings being used by the College, with the exception of some rental property, are the properties of the Province of Newfoundland and Labrador. Expenditures for repairs and maintenance of these buildings, paid by the Province, are not recorded in the financial statements of the College.

(d) *Post-employment benefits and compensated absences*

The College provides post-employment benefits and compensated absences to certain employment groups. These benefits include severance and non-vesting sick leave. The College has adopted the following policies with respect to accounting for these employee benefits:

(i) Upon termination, retirement or death, the organization provides their employees, with at least nine years of service with severance benefits equal to one week of pay per year of services up to a maximum of 20 weeks. An actuarially determined accrued liability for severance has been recorded in the statements. This liability has been determined using management's best estimate of employee retention, salary escalation, long term inflation and discount rates.

(ii) The College provides their employees with sick leave benefits that accumulate but do not vest. The benefits provided to employees vary based upon classification within the various negotiated agreements. An actuarially determined accrued liability has been recorded on the statements for non-vesting sick leave benefits. The cost of non-vesting sick leave benefits are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, long term inflation rates and discount rates.

(e) *Vacation pay liability*

The College recognizes vacation pay as an expense on the accrual basis.

(f) *Foreign Currencies*

Transactions in foreign currencies are recorded in Canadian dollars at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the Statement of Financial Position date. Exchange gains or losses arising from the translations are included in the Statement of Operations in the amount of a $ 14,632 (2013 - $173 loss).

(g) *Financial instruments*

The College classifies its financial instruments as either fair value or amortized cost. The College's accounting policy for each category is as follows:

Fair value
This category includes cash and trust accounts and are classified as held for trading.

Transaction costs related to financial instruments in the fair value category are expensed as incurred.

Amortized cost
This category includes accounts receivable and accounts payable and accrued liabilities. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to the net recoverable value with the write downs being recognized in the statement of operations.

There were no embedded derivatives in any contracts that require special accounting treatment.

(h) *Pensions*

College staff are subject to either the Public Service Pension Plan (PSPP), or the Government Money Purchase Pension Plan (GMPP).

The primary plan, PSPP, is a multi-employer plan and a defined benefit pension plan. Staff contributions are matched by the College and then remitted to the province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The costs of the multi-employer plan plan are the College's contributions to the plan in the period. PSPP members must have at least 5 years of pensionable service to obtain a pension benefit. Normal retirement age under the Plan is 65 however early retirement options are available. Members of the PPSP are required to make contributions toward the funding of their pension benefits as follows:

(i) 8.6% of earnings up to the Year's Basic Exemption, the portion of earnings upon which no CPP contributions are required;
(ii) 6.8% of earnings in excess of the Year's Basic Exemption up to and including the Year's Maximum Pensionable Earnings ("YMPE"); and
(iii) 8.6% of earnings in excess of the YMPE.

Pensions paid under the PSPP are indexed annually. Indexing is applied at the rate of 60% of the increase in the Consumer Price Index (CPI), with the increase in the CPI capped at 2%. Indexing applies to benefits of pensioners who have attained age 65 prior to October 1 of each year.

The lifetime pension benefit is determined as 1.4% of the best five year average salary (up to the three year average YMPE) multiplied by the years of pensionable service, plus 2% of the best five year average salary (in excess of the average YMPE) multiplied by the years of pensionable service.

Staff shall participate in the GMPP only if they are ineligible for the PSPP. Payments are made to a private investment firm from which pensions will be paid to employees when they retire. The GMPP is a defined contribution plan.

The annual contributions for pensions are recognized as an expenditure in the accounts on a current basis.

During the year 2014 the College contributed $6,408,248 to the PSPP and $791,703 to the GMPP. In 2013 the College contributed $6,963,217 to the PSPP and $762,720 to the GMPP.

(i) *Measurement uncertainty*

The preparation of financial statements in conformity with Canadian public sector accounting standards, requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the useful life of tangible capital assets, accrued severance, accrued sick leave, impairment of assets and allowance for doubtful accounts.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

(j) *Inventories held for use*

Inventories held for use include fuel and supplies for the heavy equipment program, and are recorded at the lower of historical cost and replacement cost.

3 Receivables

	2014	2013
Government of Newfoundland	$ 6,013,131	$ 6,978,352
LMDA Subsidy	10,409,813	15,407,255
Students	843,705	810,233
Government agencies and other	3,113,776	4,472,712
	20,380,425	27,668,552
Less allowance for doubtful accounts	296,091	261,948
	$ 20,084,334	$ 27,406,604

4 Trust accounts

Trust accounts represent donations and related interest restricted for scholarships, awards and other specified purposes. Changes in the trust account balance are as follows:

	2014	2013
Opening balance	$ 3,343,087	$ 3,299,308
Net deposits and payments	53,051	(29,651)
Interest	72,252	73,430
Closing balance	$ 3,468,390	$ 3,343,087

5 Accounts payables & accrued liabilities

		2014		2013
Trade liabilities	$	3,667,476	$	3,334,190
Accrued wages and benefits		4,976,569		4,171,435
End of service compensation		44,697		1,519,760
Other		1,160,382		1,378,059
	$	9,849,124	$	10,403,444

6 Post-employment benefits and compensated absences

The actuarial valuation date for sick leave accrual was March 31, 2012 and has been extrapolated for March 31, 2013 and March 31, 2014. The actuarial valuation date for severance pay accrual was March 31, 2013 and has been extrapolated for March 31, 2014. The assumptions are based on future events. The economic assumptions used in the valuation are the College's best estimates of expected rates as follows:

	2014	2013
Wages and salary escalation	4.00%	4.00%
Discount rate	3.90%	3.60%

The sick leave accrual as at March 31 are as follows:

		2014		2013
Accrued sick pay benefit obligation beginning of year	$	11,394,351	$	11,016,186
Current period benefit cost		1,208,060		1,159,429
Benefit payments		(1,461,467)		(1,366,165)
Interest on the accrued benefit sick leave obligations		405,635		420,143
Actuarial (gains) / losses		(356,575)		164,759
Accrued sick pay benefit obligation end of year		11,190,004		11,394,352
Unamortized actuarial experience loss		214,595		621,944
Accrued benefit liability, end of year	$	10,975,409	$	10,772,408

The severance pay accrual as at March 31 are as follows:

		2014		2013
Accrued severance benefit obligation beginning of year	$	15,820,544	$	14,886,062
Current period benefit cost		1,226,444		1,217,772
Benefit payments		(2,000,716)		(1,192,660)
Interest on the accrued benefit severance obligation		555,603		573,597
Actuarial (gains) / losses		(90,697)		335,773
Accrued severance benefit obligation end of year		15,511,178		15,820,544
Unamortized actuarial experience loss		1,026,138		1,216,016
Accrued benefit liability, end of year	$	14,485,040	$	14,604,528
Total post-employment benefits and compensated absences end of year	$	25,460,449	$	25,376,936

7 Comprehensive Agreement with the State of Qatar

The College has a comprehensive agreement with the State of Qatar to establish, operate and administer a College of Applied Arts and Technology in Doha, Qatar for a period, September 30, 2001 to August 31, 2012. It was extended to August 31, 2013, and subsequently further extended to August 31, 2016. The agreement is funded by the State of Qatar. For its services, the College is paid an annual Management Fee of 10% of base salaries. The College receives quarterly advances to cover cash flow requirements.

Due to Qatar

		2014		2013
Cash on Deposit	$	**11,917,499**	$	11,567,170
Payables (accruals)		**(1,121,886)**		(896,851)
Net Liability	$	**10,795,613**	$	10,670,319

Results of Operations

		2014		2013
Gross Proceeds	$	**10,252,412**	$	10,601,883
Management Costs		**(1,675,457)**		(2,164,353)
Net Proceeds	$	**8,576,955**	$	8,437,530

8 Deferred contributions - operating

Deferred contributions represent unspent externally restricted funding that has been received and relates to a subsequent year. Changes in the contributions deferred to future periods are as follows:

		2014		2013
Balance, beginning of year	$	**4,639,655**	$	4,428,037
Less amounts recognized as revenue in the year		**(22,573,024)**		(21,670,007)
Add amounts received during the year		**22,214,399**		21,881,625
Balance, end of year	$	**4,281,030**	$	4,639,655

Deferred contributions -operating are comprised of:

		2014		2013
Residence and program fees	$	**91,727**	$	95,106
Tuition		**1,093,873**		1,122,726
Contract training and special projects		**3,095,430**		3,421,823
	$	**4,281,030**	$	4,639,655

9 Commitments

Lease Commitment

The College leases some equipment and facilities under long-term operating leases. Lease payments for the next five years, committed under operating leases extending beyond one year, are as follows:

2014-2015	977,018
2015-2016	735,719
2016-2017	662,374
2017-2018	252,849
2018-2019	18,655

10 Contingent liabilities

(a) The College has received notices of claim for damages. No provision has been made for these claims because management does not expect the College to incur any material liability, or because an estimate of loss, if any, is not determinable at this time.

(b) A compliance audit on compensation and billings of the Comprehensive Agreement with the State of Qatar as required per section 4.6 is currently in progress, therefore, the results are unknown at this time. The College is currently not aware of any material findings or outcomes of this compliance audit.

11 Financial instruments risk management

Classification

The following table provides cost and fair value information of financial instruments by category.

	2014		
	Fair Value	Amortized Cost	Total
Cash	$ 19,218,361	$	$ 19,218,361
Trust funds on deposit	3,468,390		3,468,390
Accounts receivable		20,084,334	20,084,334
	$ 22,686,751	$ 20,084,334	$ 42,771,085
Accounts payable and accrued liabilities	$	9,849,124	9,849,124
Vacation pay accrual		8,627,754	8,627,754
Due to Qatar Campus		10,795,613	10,795,613
Trust funds payable		3,468,390	3,468,390
	$ -	$ 32,740,881	$ 32,740,881

Fair value hierarchy

The College uses the following hierarchy for determining and disclosing the measurement subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degrees to which the fair value is observable:

a) Level 1 fair value measurements are those derived from quote prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;

b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable from the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) and;

c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash and cash equivalents and trust funds on deposit are classified in the level 1 hierarchy.

12 Financial instruments risk management (cont'd)

Risk management

a) Credit risk

Credit risk is the risk of financial loss to the College if a debtor fails to make payments of interest and principal when due. The College is exposed to this risk relating to its cash and accounts receivable. The College holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of a default, the College's cash accounts are insured up to $300,000 (2012 - $300,000).

Accounts receivable from federal and provincial governments pose minimal credit risk. Credit risk from accounts receivable due from students is mitigated by financial approval processes before a student is enrolled. Miscellaneous receivables from various other corporate entities are monitored on a regular basis.

The College measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the College's historical experience regarding collections. The amounts outstanding at year end were as follows:

	Total	Current	30-60 days	> 61 days
Government receivables	$ 16,553,073	$ 16,158,194	158,028	236,851
Student receivables	843,705	56,292	(48,634)	836,047
Other receivables	2,983,647	2,383,874	222,398	377,375
Gross receivables	20,380,425	18,598,360	331,792	1,450,273
Less: impairment allowances	(296,091)			(296,091)
Net receivables	$ 20,084,334	$ 18,598,360	$ 331,792	$ 1,154,182

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk, equity risk.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

(i) Currency Risk

Currency risk relates to the College operating in different currencies and converting non-Canadian earnings at different points in time when adverse changes in foreign currency rates occur.
During the year the College had the following foreign currency transactions:

	2014	2013
Receipts		
US dollar (USD)	372,167	688,776
Payment		
US dollar (USD)	831,614	1,321,899
Qatari riyal (QR)	527,575	748,600
Euros (EUR)	93,360	83,012

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

12 Financial instruments risk management (cont'd)

ii) Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

Management believes that the interest rate risk of the College is not material.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

iii) Equity risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets.

Management believes that the equity risk of the College is not material.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

c) Liquidity risk

Liquidity risk is the risk that the College will not be able to meet all cash outflow obligations as they come due. The College mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the nearest term if unexpected cash outflows arise. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows of financial liabilities):

	2014		
	Within 6 Months	6 Months to 1 year	> 1 year
Accounts payable and accrued liabilities	8,227,103	1,377,324	244,697
	$ 8,227,103	$ 1,377,324	$ 244,697

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

13 Comparative figures

Certain of the 2013 comparative figures have been reclassified to conform to the financial presentation adopted in 2014.

14 Budget

The budget amounts included in these financial statements are the amounts approved by The College's board for the current fiscal year. The budget would include all known service and program changes and enhancements for the coming year. Additional changes to services and programs that are initiated during the year would be funded through budget adjustments and have been adjusted in the opening budget accordingly.

15 Related party transactions

The College had the following transactions with the government and other government controlled organizations.

	2014	2013
Grants from the province	90,523,652	118,376,437
Transfer from Child, Youth & Family Services	250,525	274,601
Transfer from Dept of Natural Resources	-	161,635
Transfer from Dept of Justice	214,900	-
Transfer from IBRD	294,957	719,765
Transfer from Research Development Council	202,534	167,272
Transfer from NL Hydro	120,068	-
Transfer from Memorial University	127,274	250,644
Transfer to Memorial University	223,704	177,350

Schedule 1

College of the North Atlantic
Tangible Capital Assets
March 31, 2014

	Artwork	Capital improvements	Computer and peripherals	Furnishings	Instructional equipment	Other electronic equipment	Software	ERP - Peoplesoft	Vehicles	Total
	$	$	$	$	$	$	$	$	$	$
Cost										
At March 31, 2013	5,500	27,126,134	6,439,600	690,838	41,452,463	835,779	635,261	5,446,334	9,382,104	92,014,013
Additions	-	2,033,499	157,381	3,509	1,821,429	53,378	29,791	1,332,958	574,366	6,006,311
Disposals	-	118,175	281,729	5,798	671,086	8,839	7,308	-	-	1,092,935
Other Adjustments		47,137	9,802	(32,636)	(880,212)	(33,010)	(1,000)		889,919	-
At March 31, 2014	5,500	28,994,321	6,305,450	721,185	43,483,018	913,328	658,744	6,779,292	9,066,551	96,927,389
Accumulated Amortization										
At March 31, 2013	-	11,017,886	5,920,320	625,524	34,214,419	713,796	630,349	3,247,887	6,792,832	63,163,013
Amortization	-	2,367,958	339,450	25,542	2,966,623	40,177	8,240	496,443	1,012,086	7,256,519
Disposals	-	76,814	281,729	5,798	671,086	8,839	7,308	-	-	1,051,574
Other Adjustments		21,212	24,446	(37,764)	(882,675)	(37,939)	(1,000)		889,920	(23,800)
At March 31, 2014	-	13,287,818	5,953,595	683,032	37,392,631	783,073	632,281	3,744,330	6,914,998	69,391,758
Net Book Value:										
At March 31, 2013	5,500	16,108,248	519,280	65,314	7,238,044	121,983	4,912	2,198,447	2,589,272	28,851,000
At March 31, 2014	5,500	15,706,503	351,855	38,153	6,090,387	130,255	26,463	3,034,962	2,151,553	27,535,631

Cost at March 31, 2014 includes work in progress as follows:

ERP - PeopleSoft	$	746,070

Schedule 2

College of the North Atlantic
Revenue
Year Ended March 31, 2014

	2014 Budget (Note 14)	2014	2013
Provincial Government Grants			
Grant-in-aid	$ 58,169,400	$ 59,066,364	$ 84,779,188
Provincial capital grant	4,850,840	3,548,342	5,724,070
Other grants	600,000	600,000	600,000
	63,620,240	63,214,706	91,103,258
Facilities			
Classroom/video rental	15,000	15,000	20,000
Gain on disposal of capital assets	27,000	39,603	13,047
Parking	7,750	4,800	7,719
	49,750	59,403	40,766
Administration			
Interest	200,000	281,304	181,344
Other	30,582	66,152	40,525
	230,582	347,456	221,869
Instructional			
Tuition	8,821,297	8,766,433	8,921,064
Equipment and materials	1,682,359	1,610,863	1,578,216
Subsidy	17,200,000	20,543,046	21,207,000
Daycare	487,445	514,956	495,512
Other	325,547	464,570	457,370
	28,516,648	31,899,868	32,659,162
Student services			
Application fee	278,099	320,670	281,148
Registration fee	372,172	375,162	384,958
Other	86,006	60,031	59,312
	736,277	755,863	725,418
Resale			
Bookstore	2,722,500	2,719,547	2,814,605
Food services	1,202,000	1,210,258	1,192,535
Residence	339,700	337,060	319,318
Other	-	839	2,805
	4,264,200	4,267,704	4,329,263
Apprenticeship			
Apprenticeship	4,156,463	5,637,926	5,661,553
	4,156,463	5,637,926	5,661,553

Schedule 2

College of the North Atlantic

Revenue

Year Ended March 31, 2014

	2014 Budget (Note 14)	2014	2013
Continuing education			
Tuition	845,089	1,025,749	1,107,434
Other	-	22,757	16,617
	845,089	1,048,506	1,124,051
Contracts			
Tuition	2,907,713	2,490,480	2,084,874
Apprenticeship/Post Journey	-	-	635
Corporate	2,295,285	3,127,881	2,490,489
	5,202,998	5,618,361	4,575,998
International			
International	1,060,976	1,205,215	1,037,635
	1,060,976	1,205,215	1,037,635
Special projects			
Special projects	4,959,947	4,009,343	4,130,977
	4,959,947	4,009,343	4,130,977
Qatar Project			
Management fee	10,763,588	10,148,688	10,286,245
Other	200,000	103,724	315,638
	10,963,588	10,252,412	10,601,883
	$ 124,606,758	$ 128,316,763	$ 156,211,833

Schedule 3

College of the North Atlantic
Summary of Facilities Expenditures
Year Ended March 31, 2014

	2014 Budget (Note 14)	2014	2013
Salaries and benefits	$ 1,389,551	$ 1,535,791	$ 1,584,973
Professional development	1,714	-	-
Professional fees	6,600	1,499	15,121
Travel	11,124	10,809	3,610
Insurance	325,000	265,719	305,423
Photocopying/printing	350	3,374	1,142
Office related supplies	2,750	13,858	6,968
Freight and customs	2,500	42	82
Telephone	4,970	5,059	7,309
Utilities	1,602,100	1,671,547	1,545,051
Repairs and maintenance	881,655	955,245	984,741
Vehicle operations	185,925	149,660	162,576
Equipment rentals	11,600	7,348	7,931
Facilities rentals	169,718	169,718	193,722
Protective clothing	12,200	11,791	15,411
Assets - loss	-	65,161	2,082
Computer supplies	500	151	2,726
Contracted services	68,000	71,229	73,273
Student related	-	884	839
Minor equipment and tools	3,778	6,690	6,268
Minor computer equipment	2,000	-	-
Materials and supplies	107,169	42,664	39,828
	$ 4,789,204	$ 4,988,239	$ 4,959,076

Schedule 4

College of the North Atlantic
Summary of Administration Expenditures
Year Ended March 31, 2014

	2014 Budget (Note 14)	2014	2013
Salaries and benefits	$ 12,195,546	$ 12,812,454	$ 12,126,778
Professional development	172,323	43,479	118,632
Employee recognition and wellness	32,020	24,872	24,698
Professional fees	1,229,990	702,144	392,903
Travel	473,784	378,941	361,390
Recruitment and relocation	136,341	63,828	263,962
Insurance	500	1,681	-
Bank charges	182,000	186,122	178,577
Photocopying/printing	224,392	166,435	192,654
Office related supplies	411,293	378,090	398,719
Membership fees	127,170	48,084	111,884
General advertising	283,110	95,775	127,221
Doubtful receivables	65,000	78,230	48,490
Freight and customs	129,418	82,337	95,443
Telephone	688,047	663,080	670,966
Utilities	4,200	5,596	6,478
Repairs and maintenance	76,820	78,007	110,479
Vehicle operations	200	1,318	8,028
Equipment rentals	40,099	9,251	14,575
Facilities rentals	37,488	35,088	35,788
Protective clothing	8,250	6,339	13,690
Food cost	-	104	3,408
Laundry and drycleaning	-	-	564
Computer supplies	73,916	45,523	66,270
Contracted Services	500	726	9,059
Educational materials	21,500	4,190	11,296
Student related	600	3,544	8,614
Minor equipment and tools	91,059	40,474	73,441
Minor computer equipment	82,111	62,677	44,514
Materials and supplies	331,801	185,557	257,391
	$ 17,119,478	$ 16,203,946	$ 15,775,912

Schedule 5

College of the North Atlantic
Summary of Instructional Expenditures
Year Ended March 31, 2014

	2014 Budget (Note 14)	2014	2013
Salaries and benefits	$ 65,534,149	$ 63,874,091	$ 71,073,417
Professional development	362,964	130,972	145,189
Employee recognition and wellness	165	415	350
Professional fees	186,888	140,466	94,730
Travel	408,917	456,296	471,176
Recruitment and relocation	21,250	68,806	39,669
Insurance	1,500	-	-
Photocopying/printing	178,965	185,396	219,554
Office related supplies	53,590	42,204	43,595
Membership fees	25,718	13,367	26,245
General advertising	28,137	37,112	66,447
Freight and customs	56,308	15,212	23,616
Telephone	19,465	20,305	22,851
Utilities	6,680	7,811	3,239
Repairs and maintenance	121,485	195,870	185,406
Vehicle operations	506,167	357,314	399,078
Equipment rentals	52,852	45,879	35,050
Facilities rentals	72,924	63,326	153,395
Protective clothing	36,264	25,252	30,996
Food cost	122,816	134,851	94,552
Laundry and drycleaning	5,790	4,187	4,769
Textbooks and supplies	1,100	-	-
Computer supplies	154,370	158,254	233,967
Contracted services	49,605	82,287	152,216
Educational materials	143,707	132,303	84,829
Daycare operations	109,455	72,493	76,910
Student related	258,801	253,881	332,852
Minor equipment and tools	423,089	346,854	440,733
Minor computer equipment	149,170	198,655	162,511
Materials and supplies	4,099,208	1,647,629	1,714,186
	$ 73,191,499	$ 68,711,488	$ 76,331,528

Schedule 6

College of the North Atlantic
Summary of Student Services Expenditures
Year Ended March 31, 2014

	2014 Budget (Note 14)	2014	2013
Salaries and benefits	$ 9,342,294	$ 9,128,447	$ 9,618,875
Professional development	27,084	27,788	10,953
Employee recognition and wellness	110	-	105
Professional fees	9,000	7,172	8,227
Travel	124,817	90,788	113,487
Recruitment and relocation	-	-	569
Insurance	16,400	10,500	7,500
Photocopying/printing	182,391	91,229	140,607
Office related supplies	62,859	57,383	68,302
Membership fees	4,050	3,470	5,050
General advertising	392,069	277,763	390,259
Freight and customs	19,935	4,828	7,211
Telephone	1,650	4,431	6,661
Utilities	-	613	415
Repairs and maintenance	15,750	17,834	5,838
Vehicle operations	-	-	115
Equipment rentals	-	1,140	-
Facilities rentals	1,075	152	521
Protective clothing	100	-	1,159
Food cost	-	154	518
Laundry and drycleaning	3,788	2,001	3,767
Computer supplies	9,631	12,291	18,667
Contracted services	112,875	428	116,245
Educational materials	243,949	169,363	258,848
Student related	74,843	70,037	69,674
Minor equipment and tools	25,913	25,086	38,831
Minor computer equipment	22,480	19,442	45,639
Materials and supplies	102,347	77,744	94,885
	$ 10,795,410	$ 10,100,084	$ 11,032,928

Schedule 7

College of the North Atlantic
Summary of Information Technology Expenditures
Year Ended March 31, 2014

	2014 Budget (Note 14)	2014	2013
Salaries and benefits	$ 4,598,005	$ 3,905,545	$ 4,916,402
Professional development	26,741	-	1,436
Professional fees	80,565	14,748	49,580
Travel	247,883	27,505	26,408
Photocopying/printing	1,850	-	181
Office related supplies	14,950	8,437	10,392
Membership fees	-	886	3,870
General advertising	-	-	186
Freight and customs	2,555	330	882
Telephone	11,730	10,038	10,076
Utilities	-	-	118
Repairs and maintenance	2,475	29,493	14,526
Vehicle operations	-	239	191
Facilities Rentals	52,632	52,632	157,494
Protective clothing	600	259	269
Computer supplies	2,265,652	1,398,965	1,551,317
Contracted services	588,564	-	4,245
Minor equipment and tools	29,222	2,942	12,521
Minor computer equipment	71,781	41,643	34,294
Materials and supplies	50,711	18,972	29,450
	$ 8,045,916	$ 5,512,634	$ 6,823,838

College of the North Atlantic
Summary of Resale Expenditures
Year Ended March 31, 2014

	2014 Budget (Note 14)	2014	2013
Salaries and benefits	$ 1,732,077	$ 1,865,795	$ 1,966,325
Professional development	-	-	64
Employee recognition and wellness	-	96	-
Professional fees	-	-	295
Travel	7,229	9,987	6,559
Photocopying/printing	9,050	2,230	8,693
Office related supplies	16,750	16,308	17,730
General advertising	1,900	1,075	1,804
Freight and customs	139,025	140,459	145,605
Telephone	1,100	1,579	1,797
Utilities	16,265	18,510	17,491
Repairs and maintenance	39,725	23,829	42,062
Protective clothing	17,400	15,589	14,633
Food cost	722,059	792,353	781,116
Laundry and drycleaning	17,500	16,546	20,018
Textbooks and supplies	2,239,400	2,194,914	2,274,890
Computer supplies	13,562	13,673	13,957
Contracted services	1,400	531	1,769
Student related	1,200	881	253
Minor equipment and tools	7,525	8,904	20,618
Minor computer equipment	2,000	4,023	9,935
Materials and supplies	45,702	26,357	26,528
	$ 5,030,869	$ 5,153,639	$ 5,372,142

College of the North Atlantic
Summary of Apprenticeship Expenditures
Year Ended March 31, 2014

	2014 Budget (Note 14)	2014	2013
Salaries and benefits	$ 3,352,040	$ 3,399,043	$ 3,228,284
Professional development	2,310	-	4,063
Professional fees	3,559	1,678	1,543
Travel	-	23,192	12,171
Recruitment and relocation	-	-	66
Photocopying/printing	5,396	4,306	5,983
Office related supplies	450	1,058	1,610
Membership fees	150	603	595
General advertising	4,713	214	386
Freight and customs	12,582	1,449	293
Telephone	-	33	67
Repairs and maintenance	7,007	14,293	25,688
Vehicle operations	3,928	520	1,186
Equipment rentals	250	253	717
Protective clothing	1,200	2,349	2,064
Food cost	15,619	22,318	12,997
Laundry and drycleaning	3,155	1,136	1,664
Computer supplies	17,478	11,731	21,225
Contracted services	-	548	-
Educational materials	26,320	13,086	32,722
Student related	385,835	580,616	453,988
Minor equipment and tools	47,638	50,203	64,272
Minor computer equipment	8,153	8,968	4,427
Materials and supplies	251,069	248,110	224,967
	$ 4,148,852	$ 4,385,707	$ 4,100,978

Schedule 10

College of the North Atlantic
Summary of Continuing Education Expenditures
Year Ended March 31, 2014

	2014 Budget (Note 14)	2014	2013
Salaries and benefits	$ 526,659	$ 487,559	$ 554,344
Professional fees	2,000	1,055	329
Travel	1,000	13,021	6,188
Photocopying/printing	3,703	8,318	7,392
Office related supplies	-	2,679	2,851
General advertising	7,733	1,973	4,689
Freight and customs	1,241	1,187	1,622
Utilities	-	1,142	-
Vehicle operations	-	-	664
Equipment rentals	-	262	798
Facilities rentals	3,610	3,605	6,486
Food cost	-	126	439
Contracted services	132,340	158,649	133,305
Educational materials	3,164	470	455
Student related	29,000	28,766	36,438
Minor equipment and tools	-	-	1,120
Minor computer equipment	1,959	-	-
Materials and supplies	16,400	15,613	26,817
	$ 728,809	$ 724,425	$ 783,937

Schedule 11

College of the North Atlantic
Summary of Contract Expenditures
Year Ended March 31, 2014

	2014 Budget (Note 14)	2014	2013
Salaries and benefits	$ 3,569,494	$ 3,580,321	$ 3,286,845
Professional development	-	951	904
Professional fees	-	8,055	4,465
Travel	106,500	83,817	85,904
Recruitment and relocation	3,000	-	-
Photocopying/printing	25,250	17,340	25,781
Office related supplies	11,000	2,116	5,474
Membership fees	4,311	310	497
General advertising	6,000	11,762	26,500
Doubtful receivables	-	-	(64,724)
Freight and customs	2,000	5,627	8,504
Telephone	6,060	2,886	3,477
Utilities	-	-	4,457
Repairs and maintenance	8,000	4,708	4,621
Vehicle operations	15,897	9,436	16,351
Equipment rentals	30,000	71,927	18,435
Facilities rentals	20,000	5,040	4,604
Protective clothing	10,000	5,056	2,849
Food cost	27,500	24,259	25,960
Laundry and drycleaning	1,338	1,091	1,944
Computer supplies	12,000	10,059	6,433
Contracted services	273,983	416,520	492,277
Educational materials	8,500	5,662	7,905
Student related	224,112	181,904	147,262
Minor equipment and tools	23,820	3,964	16,913
Minor computer equipment	38,061	3,455	11,939
Materials and supplies	159,033	240,738	175,585
	$ 4,585,859	$ 4,697,004	$ 4,321,162

Schedule 12

College of the North Atlantic
Summary of International Expenditures
Year Ended March 31, 2014

	2014 Budget (Note 14)	2014	2013
Salaries and benefits	$ 379,587	$ 355,138	$ 347,528
Professional fees	80,000	110,174	123,190
Travel	98,400	90,279	59,696
Insurance	-	249	301
Photocopying/printing	556	40	82
Office related supplies	1,287	231	367
Membership fees	1,580	1,619	1,322
General advertising	3,218	1,010	7,289
Freight and customs	2,000	1,367	2,125
Telephone	2,200	1,679	1,421
Facilities rentals	-	310	-
Computer supplies	-	115	-
Contracted services	71,400	20,735	5,250
Educational Materials	2,000	3,528	870
Student related	3,000	4,426	3,775
Materials and supplies	3,741	2,538	2,761
	$ 648,969	$ 593,438	$ 555,977

Schedule 13

College of the North Atlantic
Summary of Special Projects Expenditures
Year Ended March 31, 2014

	2014 Budget (Note 14)	2014	2013
Salaries and benefits	$ 1,742,333	1,830,253	$ 1,839,153
Professional development	33,224	22,204	38,591
Professional fees	495,142	59,788	192,563
Travel	176,851	87,578	182,692
Insurance	-	1,042	286
Photocopying/printing	1,073	4,909	6,889
Office related supplies	2,000	2,258	921
Membership fees	1,115	2,044	713
General advertising	23,390	11,640	92,957
Freight and customs	207	1,018	3,149
Telephone	4,212	3,497	5,487
Utilities	11,000	8,831	6,734
Repairs and maintenance	83,300	141,248	271,754
Vehicle operations	26,312	15,587	48,928
Equipment rentals	4,919	3,509	9,430
Facilities rentals	21,985	14,583	6,600
Protective clothing	1,500	440	956
Food cost	-	428	598
Computer supplies	10,147	41,148	131,155
Contracted services	125,164	209,017	219,834
Educational materials	250,839	2,587	390
Daycare operations	2,619	-	4,179
Student related	315,216	303,673	299,353
Minor equipment and tools	234,252	207,857	184,117
Minor computer equipment	156,415	119,199	65,339
Materials and supplies	538,151	179,907	148,791
	$ 4,261,366	$ 3,274,245	$ 3,761,559

College of the North Atlantic
Summary of Qatar Project Expenditures
Year Ended March 31, 2014

	2014 Budget (Note 14)	2014	2013
Salaries and benefits	$ 1,327,819	1,012,921	$ 1,353,271
Professional development	2,200	-	3,876
Professional fees	452,600	439,178	591,395
Travel	186,000	95,292	63,289
Photocopying/printing	4,100	1,928	3,215
Office related supplies	7,150	8,901	8,132
Membership fees	4,000	3,221	2,478
General advertising	64,200	49,025	15,119
Freight and customs	3,500	2,910	3,434
Telephone	26,850	29,652	25,998
Facilities rentals	25,500	25,384	78,374
Laundry and drycleaning	-	-	25
Computer supplies	3,100	1,033	523
Minor equipment and tools	2,400	316	1,360
Minor computer equipment	2,500	2,823	12,006
Materials and supplies	22,600	2,873	1,858
	$ 2,134,519	$ 1,675,457	$ 2,164,353

Schedule 15

College of the North Atlantic
Summary of Expenditures
Year Ended March 31, 2014

	2014 Budget (Note 14)	2014	2013
Salaries and benefits	$ 105,689,554	103,787,358	$ 111,896,195
Professional development	628,560	225,394	323,708
Employee recognition and wellness	32,295	25,383	25,153
Professional fees	2,546,344	1,485,957	1,474,341
Travel	1,842,505	1,367,505	1,392,570
Recruitment and relocation	160,591	132,634	304,266
Insurance	343,400	279,191	313,510
Bank charges	182,000	186,122	178,577
Photocopying/printing	637,076	485,505	612,173
Office related supplies	584,079	533,523	565,061
Membership fees	168,094	73,604	152,654
General advertising	814,470	487,349	732,857
Doubtful receivables	65,000	78,230	(16,234)
Freight and customs	371,271	256,766	291,966
Telephone	766,284	742,239	756,110
Utilities	1,640,245	1,714,050	1,583,983
Repairs and maintenance	1,236,217	1,460,527	1,645,115
Vehicle operations	738,429	534,074	637,117
Equipment rentals	139,720	139,569	86,936
Facilities rentals	404,932	369,838	636,984
Protective clothing	87,514	67,075	82,027
Assets - loss	-	65,161	2,082
Food cost	887,994	974,593	919,588
Laundry and drycleaning	31,571	24,961	32,751
Textbooks and supplies	2,240,500	2,194,914	2,274,890
Computer supplies	2,560,356	1,692,943	2,046,240
Contracted services	1,423,831	960,670	1,207,473
Educational materials	699,979	331,189	397,315
Daycare operations	112,074	72,493	81,089
Student related	1,292,607	1,428,612	1,353,048
Minor equipment and tools	888,696	693,290	860,194
Minor computer equipment	536,630	460,885	390,604
Materials and supplies	5,727,932	2,688,702	2,743,047
	$ 135,480,750	$ 126,020,306	$ 135,983,390

CONSEIL SCOLAIRE FRANCOPHONE PROVINCIAL DE TERRE-NEUVE-ET-LABRADOR

Non-Consolidated Financial Statements

Year Ended June 30, 2013

Gardner Coombs
Winsor Coombs

Chartered Accountants

Management Report

Management's Responsibility for the Financial Statements

The financial statements of School District have been prepared by management in accordance with Canadian public sector accounting standards and provincial reporting legislation and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board of Directors of the Conseil scolaire francophone provincial (called the "Board") is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial statements on a periodic basis and external audited financial statements yearly.

The external auditors, Gardner Coombs Winsor Coombs, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of School District and meet when required.

The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the School Board's financial statements.

On behalf of the Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador:

June 17, 2014

Signature of the Chairperson of the Board – Mr. Ali Chaisson **Date Signed**

June 18, 2014

Signature of the Director of Education – Mr. Claude Giroux **Date Signed**

Peter Smith June 17, 2014

Signature of the Assistant Director Education (Finance & Administration) – Mr. Peter Smith **Date Signed**

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

65, chemin Ridge • Saint Jean (NL) • A1B 4P5 • Téléphone (709) 722-6324 • Télécopieur (709) 722-6325 • www.csfp.nl.ca •
conseil@csfp.nl.ca

Gardner Coombs
Winsor Coombs
Chartered Accountants

59A Lemarchant Rd.
St. John's, NL
A1C 2C9
T: 709.753.3283
F: 709.753.0707
gc@gardnercoombs.ca

INDEPENDENT AUDITOR'S REPORT

To the Members of Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

We have audited the accompanying non-consolidated financial statements of Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador, which comprise the statements of financial position as at June 30, 2013 and June 30, 2012 and the non-consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the years then ended , and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report to the Members of Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador *(continued)*

Opinion

In our opinion, the non-consolidated financial statements present fairly, in all material respects, the financial position of Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador as at June 30, 2013 and June 30, 2012 and the results of its operations, the change in its net debt and its cash flows for the years then ended in accordance with Canadian Public Sector Accounting Standards.

Gardner Coombs Winsor Coombs

CHARTERED ACCOUNTANTS

St. John's, NL
June 14, 2014

Conseil scolaire francophone provincial
de Terre-Neuve-et-Labrador

Non-Consolidated Statement of Financial Position
June 30, 2013

	June 30 2013	June 30 2012	(Restated) July 1 2011
FINANCIAL ASSETS			
Bank	$ 99,396	$ -	$ -
Short Term Investments	309,500	309,500	307,500
Accounts Receivable (Note 9)	827,001	653,140	570,877
HST Receivable	28,808	28,089	26,278
Total financial assets	1,264,705	990,729	904,655
FINANCIAL LIABILITIES			
Due to Bank	-	29,677	29,044
Due to the Government of Newfoundland & Labrador	233,327	174,616	172,142
Accounts Payable and Accruals (Note 10)	72,738	103,961	63,218
Summer Pay Liability (Note 5)	676,248	467,490	434,118
Deferred Revenue	61,137	52,295	68,355
Repayable Deposits (Note 7)	10,139	9,718	7,595
Employee Future Benefits			
Accrued Severance Pay (Note 13)	521,220	451,781	355,726
Accrued Sick Leave (Note 8)	433,079	396,362	365,057
Other (Note 14)	76,828	74,419	80,580
Total financial liabilities	2,084,716	1,760,319	1,575,835
Net Debt	820,011	769,590	671,180
NON FINANCIAL ASSETS			
Capital Assets (Schedule 7)	8,927,689	8,927,608	9,295,498
Prepaid Expenses (Supp. Info.1)	14,154	10,365	14,120
Total non financial assets	8,941,843	8,937,973	9,309,618
ACCUMULATED SURPLUS (Note 11)	$ 8,121,832	$ 8,168,383	$ 8,638,438

See Accompanying Notes

Approved:

Chair

Director of Education

Conseil scolaire francophone provincial
de Terre-Neuve-et-Labrador

Non-Consolidated Statement of Operations and Accumulated Surplus
Year Ended June 30, 2013

	Budget 2013	Actual 2013	Actual 2012
Revenue (Schedule 1)			
Provincial Government Grants	$ 6,841,800	$ 7,864,867	$ 7,540,418
Grants - Official Languages in Education Projects	1,027,354	1,027,354	939,648
Ancillary Services	135,000	145,050	135,519
Miscellaneous	1,500	10,945	2,837
	8,005,654	9,048,216	8,618,422
Expenditures			
Administration - (Schedule 2)	630,300	523,526	660,206
Instruction (Schedule 3)	4,673,000	4,855,917	5,079,121
Operations and Maintenance (Schedule 4)	1,044,000	1,930,777	1,794,469
Pupil Transportation (Schedule 5)	451,000	509,302	424,748
Ancillary Services & Miscellaneous Expense (Schedule 6)	180,000	249,864	190,285
Pupil Services - Official Languages in Education Projects (Schedule 8)	845,556	843,583	791,897
Community Programs - Official Languages in Education Projects (Schedule 9)	181,798	181,798	147,751
	8,005,654	9,094,767	9,088,477
Excess Expenditures over Revenue	-	(46,551)	(470,055)
Accumulated Surplus, Beginning of Year	8,168,383	8,168,383	8,638,438
Accumulated Surplus, End of Year	$ 8,168,383	$ 8,121,832	$ 8,168,383

See Accompanying Notes

Conseil scolaire francophone provincial
de Terre-Neuve-et-Labrador

Non-Consolidated Statement of Changes in Net Debt
June 30, 2013

	2013	2012
Excess of expenses over revenue	(46,551)	(470,055)
Changes in tangible capital assets		
Acquisition of tangible capital assets	(432,288)	(50,680)
Amortization of tangible capital assets	432,207	418,571
(Increase) decrease in net book value of tangible capital assets	(81)	367,891
Changes in other non-financial assets		
Net change in prepaid expenses	(3,789)	3,754
Increase in net debt	(50,421)	(98,410)
Net debt, beginning of year	(769,590)	(671,180)
Net debt, end of year	$ (820,011)	$ (769,590)

See Accompanying Notes

Conseil scolaire francophone provincial
de Terre-Neuve-et-Labrador

Non-Consolidated Statement of Cash Flows
Year Ended June 30, 2013

	2013	2012
Operating Transactions		
Excess of Expenditures over Revenue	$ (46,551)	$ (470,055)
Items not affecting Cash		
- Amortization of Capital Assets	432,207	418,571
- Accounts Receivable	(173,861)	(82,263)
- HST Receivable	(719)	(1,811)
- Prepaid Expenses	(3,788)	3,754
- Due to Government of Newfoundland and Labrador	58,711	2,474
- Accounts Payable and Accruals	(31,221)	40,742
- Repayable Deposits	421	2,123
- Summer Pay Liability	208,755	33,374
- Accrued Severance Pay	69,439	96,055
- Accrued Sick Leave	36,717	31,305
- Other Employee Future Benefits	2,409	(6,161)
- Deferred Revenue	8,842	(16,061)
	561,361	52,047
Capital Asset Transactions		
Government Purchase - Modular Classrooms	(374,541)	-
Additions to Capital Assets	(57,747)	(50,680)
	(432,288)	(50,680)
Investing Transactions		
Short Term Investments	-	(2,000)
Increase (decrease) in Cash	129,073	(633)
Bank indebtedness, beginning of year	(29,677)	(29,044)
Cash (bank indebtedness), end of year	$ 99,396	$ (29,677)

See Accompanying Notes

1. Nature of Operations

The Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador (CSFP or "the Board") is the sole public Francophone school board in Newfoundland and Labrador. According to Article 23 of the Canadian Charter of Rights and Freedoms, the CSFP provides French-first-language education to the children of eligible right-holders. The Board services the entire province of Newfoundland and Labrador and it possesses the same authority as the English public school board of the province, but with an extra mandate to promote the French language and culture.

2. Conversion to Public Sector Accounting Standards

Commencing with the 2013 fiscal year, the District has adopted Canadian public sector accounting (CPSA) standards. These financial statements are the first financial statements for which the District has applied CPSA standards. The changeover became effective on June 30, 2012 with retroactive application to July 1, 2011.

In accordance with Section PS 2125, First-Time Adoption by Government Organizations, the District has prepared a reconciliation to enable readers to understand the effects of the changeover on its financial position at the transition date July 1, 2011. The following table presents the reconciliation of the statement of financial position from the previous reporting framework, Canadian generally accepted accounting principles (CGAAP), to the current method of presentation as at the transition date. The impact of the conversion to CPSA standards on the accumulated surplus as of the date of transition and the comparative annual surplus is presented in Note 11.

2. Conversion to Public Sector Accounting Standards - continued

FINANCIAL ASSETS	CGAAP July 1, 2011	Adjustments	CPSA July 1, 2011
Short Term Investments	$ 307,500	$ -	$ 307,500
Accounts Receivable	570,877	-	570,877
HST Receivable	26,278	-	26,278
Total financial assets	904,655	-	904,655
FINANCIAL LIABILITIES			
Due to Bank	29,044	-	29,044
Due to the Government of Newfoundland & Labrador	172,142	-	172,142
Accounts Payable and Accruals	63,218	-	63,218
Summer Pay Liability	434,118	-	434,118
Deferred Revenue	68,355	-	68,355
Current Maturities	3,595	(3,595)	-
Long-Term Debt	4,000	(4,000)	-
Repayable Deposits	-	7,595	7,595
Employee Future Benefits			
Accrued Severence Pay (Note 13)	364,985	(9,259)	355,726
Accrued Sick Leave (Note 8)	-	365,057	365,057
Other (Note 14)	80,580	-	80,580
Total financial liabilities	1,220,037	355,798	1,575,835
Net Debt	315,382	355,798	671,180
NON FINANCIAL ASSETS			
Capital Assets	9,295,498	-	9,295,498
Prepaid Expenses	14,120	-	14,120
Total non financial assets	9,309,618	-	9,309,618
ACCUMULATED SURPLUS	$ 8,994,236	(355,798)	$ 8,638,438

3. Significant Accounting Policies

The accompanying financial statements have been prepared in accordance with Canadian generally accepted accounting principles for the public sector which are represented by standards issued by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA).

A summary of significant accounting policies adopted by the Board is as follows:

a) These financial statements are prepared on a non-consolidated basis. These financial statements do not include school based financial activities which would consist of revenues, expenses and net assets controlled by school administration.

b) The Board's main source of funding is derived from Government of Newfoundland and Labrador, Department of Education ("the Department"). The Department provides funding for operations, transportation, capital expenditures and teacher salaries and severance pay. Funding is included in revenue on the accrual basis and when the related expenditures have been incurred with the exception of funding for the severance pay, sick leave and executive paid leave. In these three cases, funding is recorded when the severance is paid to employees (see Note 13), when sick leave is taken (Note 8) or when paid leave is taken by executives (see Note 14). Funding designated for specific purposes, for which criteria has not been met, is deferred and included in revenue when the related expenditures have been incurred.

c) Capital asset additions are recorded at full cost and are amortized over their useful lives.

d) Capital assets are amortized using the straight line method based on the following number of years:

School Buildings	40 years
Furniture	10 years
Equipment	10 years
Computers	4 years

e) The School Board has acquired, in certain cases, land for its buildings without cost. In other cases, the Board obtained authorization to use the land without ownership, as long as the properties are used for educational purposes. Finally, in cases where the land is Board property and value determinations were not possible, fair market values were not recorded.

3. Significant Accounting Policies – (continued)

f) The Government of Newfoundland and Labrador processes the payrolls and remits the source deductions directly to the appropriate agencies for all principals, teachers, student assistants, board management and program coordinators. The amounts recorded in the financial statements represent gross salaries and employee benefits as reported by the Department for the year.

g) All permanent employees of the Board are covered by pension plans administered by the Government of Newfoundland and Labrador. Contributions to these plans are required from both the employee and the Board. Post retirement obligations to employees are the responsibility of the Government of Newfoundland and Labrador. For pensions, employer contributions are recognized in the accounts on a current basis.

h) Employees are entitled to severance benefits as stipulated in their conditions of employment. The right to be paid severance pay vests with employees with nine years of continual service with the CSFP or another public sector employer. Severance is payable when the employee ceases employment with the CSFP and the public sector. The severance benefit obligation has been actuarially determined using assumptions based on management's best estimates of future salary and wage changes, employee age, years of service, the probability of voluntary departure due to resignation or retirement, the discount rate and other factors. Discount rates are based on the Province's long-term borrowing rate. Actuarial gains and losses are recognized immediately through the non-consolidated statement of operations.

i) Employees of the CSFP are entitled to sick pay benefits which accumulate but do not vest. In accordance with PSA for post-employment benefits and compensated balances, the CSFP recognizes the liability in the period in which the employee renders service. The obligation is actuarially determined using assumptions based on management's best estimates of the probability of use of accrued sick leave, future salary and wage changes, employee age, the probability of departure, retirement age, the discount rate and other factors. Discount rates are based on the Province's long-term borrowing rate. Actuarial gains and losses are recognized immediately through the non-consolidated statement of operations.

j) In preparing the financial statements for the Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

Examples of significant estimates include:

- providing for amortization of tangible capital assets
- the estimated useful lives of assets
- the liability for Employee Future Benefits

4. Financial Instruments

The Board's financial instruments consist of cash, short term investments, accounts receivable, accounts payable and employee benefits payable. It is management's opinion that the Board is not exposed to significant interest rate, currency or credit risk arising from these financial instruments.

The carrying value of the Board's financial instruments approximate fair values.

5. Summer Pay Liability

The Board records a vacation (summer) pay liability for teachers in the District. This liability relates to teachers' salaries earned during the school year but not fully paid to teachers until subsequent to June 30. Accordingly, the Board has recorded teachers' vacation pay receivable of $676,248 in Accounts Receivable (2012 - $467,490).

6. Insurance Subsidy

The cost of insuring school properties is incurred by the Provincial Government and no amount has been recorded in these financial statements to reflect this cost.

7. Repayable Deposits

The School Board collects performance bonds from suppliers for the provision of multi-year heating, ventilation and air conditioning maintenance contracts as well as for multi-year snow clearing contracts. These deposits earn interest at market rates.

The balance as at June 30, 2013 is payable as follows:

2014	$2,639
2015	6,000
2016	1,500
Total:	$10,139

8. Employee Future Benefits – Accrued Sick leave

	2013	2012
Accrued benefit liability – beginning of year	$396,362	$365,057
Benefits expense		
Current service cost	60,756	54,722
Interest expense	14,681	16,026
Amortization of loss in period	2,005	-
Benefits paid	(40,725)	(39,443)
Total accrued benefit liability – end of year	433,079	396,362
Unamortized actuarial experience loss (gain)	7,754	25,418
Total accrued benefit obligation – end of year	440,833	421,780
Accrued benefit liability according to employee groups		
Teachers	379,073	345,006
Board employees	38,549	36,930
Student assistants	15,457	14,426
Total accrued benefit liability – end of year	$433,079	$396,362

The significant actuarial assumptions used in measuring the accrued sick leave and benefits expenses are as follows:

	2013	2012	2011
Discount rate - benefit cost	3.91%	3.40%	4.30%

Rate of compensation increase	
Teachers – less than 10 yrs service	7.25%
Teachers – more than 10 yrs service	4.00%
Student assistants	4.00%
Board employees	4.00%

Conseil scolaire francophone provincial
de Terre-Neuve-et-Labrador

Notes to the Non-Consolidated Financial Statements
Year Ended June 30, 2013

9. Accounts Receivable

	2013	2012
Provincial Government	$ 73,405	$ 66,495
Summer pay - Teachers	676,248	467,486
Transportation	-	43,402
Federal Government	32,663	19,322
Rent	7,463	17,079
Interest	963	621
Travel Advances and Miscellaneous	4,875	300
Provincial Government Construction Grants	31,384	38,435
Other	-	-
	$ 827,001	$ 653,140

10. Accounts Payable and Accruals

	2013	2012
Trade Payables	$ 40,121	$ 70,990
Accrued Liabilities	32,617	22,605
Salaries Payable	-	10,366
Other	-	-
	$ 72,738	$ 103,961

11. Accumulated Surplus (Deficit)

	2013	2012
Continuity		
Accumulated deficit at beginning of the year as originally reported	$ (346,624)	$ (292,586)
Adjustments		
Employee sick leave liability adjustment	(396,362)	(365,057)
Employee severance liability adjustment	(10,416)	9,259
Elimination of Government Investment in Capital Assets category	8,921,785	9,286,822
Accumulated surplus at beginning of the year as restated	8,168,383	8,638,438
Annual deficit for 2012 as originally reported		(3,358)
Adjustments to annual deficit		
Elimination of change in severance pay liability - old results		76,386
Elimination of amortization of Government Investment in capital assets		(415,718)
Change in sick leave liability		(31,308)
Change in severance pay liability - new results		(96,057)
Annual deficit for the year as restated		(470,055)
Accumulated surplus - end of year		8,168,383

	2013	2012
Year end composition		
Restricted Reserve - Centre des Grands-Vents - (Note 15)	$ 63,000	$ 57,000
Net Investment in Capital Assets	8,921,867	8,921,786
Unfunded Accrued Sick Leave	(433,079)	(396,365)
Unfunded Accrued Employee Severance Pay	(439,633)	(374,463)
Unfunded Paid Leave - Executive	(53,913)	(52,779)
Operating Accumulated Surplus	63,590	13,204
Total Accumulated Surplus	$ 8,121,832	$ 8,168,383

12. Expenses by Object

	2013	2012
Salary	$ 5,230,798	$ 5,313,367
Employee benefits	852,825	845,275
Supplies and services	2,168,735	2,084,058
Contract services and fees	284,916	325,350
Training	65,682	82,249
Rentals	59,182	18,349
Amortization	432,205	418,571
Interest	424	1,258
	$ 9,094,767	$ 9,088,477

13. Employee Future Benefits - Accrued Severance Pay

	2013	2012
Accrued benefit liability – beginning of year	$451,781	$355,726
Benefits expense		
Current service cost	98,656	80,103
Interest expense	17,037	15,952
Amortization of Loss in Period	4,082	-
Benefits paid	(50,336)	-
Accrued benefit liability – end of year	521,220	451,781
Unamortized actuarial loss (gain)	10,468	51,250
Accrued benefit obligation – end of year	531,688	503,031
Accrued benefit liability according to employee groups		
Teachers	400,066	347,622
Board employees	116,783	101,683
Student assistants	4,371	2,476
Total accrued benefit liability – end of year	$521,220	$451,781

The significant actuarial assumptions used in measuring the accrued severance pay and benefits expenses are as follows:

	2013	2012	2011
Discount rate - benefit cost	3.91%	3.40%	4.30%
Rate of compensation increase			
Teachers – less than 10 yrs service		7.25%	
Teachers – more than 10 yrs service		4.00%	
Student assistants		4.00%	
Board employees		4.00%	

14. Employee Future Benefits - Other

Paid leave for executive staff and vacation pay benefits payable for Board office administration staff, school secretaries and janitorial staff are recorded in accordance with the benefit rates applicable to these groups.

Other employee future benefits is comprised of the following:

	2013	2012
Executive staff paid leave	$53,913	$52,779
Employee vacation pay	22,915	21,640
Total	$ 76,828	$ 74,419

15. Reserve

In accordance with leases with the tenants of the Centre scolaire et communautaire des Grand-Vents in St. John's, the CSFP maintains a reserve constituted of funds that management has designated as restricted for the future purchase of computer equipment and major renovations to this building.

16. Comparative Figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.

Schedule 1

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Revenues
Year Ended June 30, 2013

	Budget 2013	Actual 2013	Actual 2012
Revenues			
Grants - Official Languages in Education			
Regular Projects	$ 1,027,354	$ 1,027,354	$ 939,648
Other	-	-	-
	1,027,354	1,027,354	939,648
Provincial Government Grants			
Regular Operating Grants	1,525,300	1,622,206	1,571,218
Acquisition of Capital Assets - Buildings & Land	410,000	374,541	-
Major Renovations to Buildings	-	661,707	623,549
Special Grants			
- Official Language Monitor	33,500	40,363	31,322
- Communication Tech (Powerschool)	15,000	10,918	34,736
- Other	35,500	226,575	272,791
Salaries and Benefits		-	-
- Director & Assistant Director	300,000	242,010	298,907
- Regular Teachers	3,792,500	3,814,237	3,999,063
- Substitute Teachers	110,000	206,510	159,537
- Student Assistants	110,000	99,227	131,721
- Senior Educational Officer	65,000	98,006	-
Pupil Transportation			
- Contracted	445,000	468,567	417,574
- Handicapped	-	-	-
	6,841,800	7,864,867	7,540,418
Ancillary Services			
Revenues from Rental of Residences	-	6,351	-
Revenues from Rental of Schools and	110,000	113,699	110,519
Facilities - Grands-Vents		-	-
Other rental - ARCO - West Coast	25,000	25,000	25,000
	135,000	145,050	135,519
Miscellaneous			
Interest on Investments	1,000	1,286	2,837
Recoveries of Expenditures	-	8,453	-
Other - Sundry	500	1,206	-
	1,500	10,945	2,837
Total Revenues	$ 8,005,654	$ 9,048,216	$ 8,618,422

Schedule 2

Conseil scolaire francophone provincial
de Terre-Neuve-et-Labrador

Administration Expenditures
Year Ended June 30, 2013

	Budget 2013	Actual 2013	Actual 2012
Salaries and Benefits			
- Director and Assistant Director	$ 300,000	$ 245,744	$ 283,982
- Board Office Personnel	137,500	98,243	112,038
Office Supplies	6,000	3,968	4,146
Replacement Furniture and Equipment	5,000	3,389	4,020
Postage	5,500	3,796	4,264
Telephone / Internet	19,000	15,568	19,431
Office Equipment Rentals and Repairs	10,000	10,138	10,657
Bank Charges	4,000	3,891	4,098
Insurance	-	-	317
Repairs and Maintenance - Office Building	3,000	2,761	2,039
Travel	22,500	14,431	12,154
Board Meeting Expenses	45,000	31,034	51,440
Professional Fees	25,000	28,651	99,042
Advertising - Recruitment	7,500	17,543	15,555
Membership Dues - NLSBA, etc.	21,500	18,818	17,120
Municipal Service Fees	1,500	996	1,195
Relocation Expenses	-	7,863	-
Miscellaneous	1,000	246	320
Amortization	12,800	14,614	15,560
Training	3,500	1,832	2,828
Total Administration Expenditures	$ 630,300	$ 523,526	$ 660,206

Schedule 3

Conseil scolaire francophone provincial
de Terre-Neuve-et-Labrador

Instructional Expenditures
Year Ended June 30, 2013

	Budget 2013	Actual 2013	Actual 2012
Instructional Salaries (Gross)			
Teachers' Salaries - Regular	$ 3,200,000	$ 3,226,326	$ 3,414,554
- Substitutes	110,000	186,012	150,941
- Senior Education Officer	70,000	98,006	-
- Board Paid	4,500	-	71,606
Employee Benefits - general	520,000	546,320	545,155
Employee Benefits - sick leave & severance	-	86,511	112,984
School Secretaries - Salaries & Benefits	177,000	195,379	175,838
Payroll Tax	72,500	75,936	72,943
Other - Salary & Benefits - Program Coordinators	130,000	118,559	141,228
Other - Salary & Benefits - Student Assistants	110,000	88,306	109,148
	4,394,000	4,621,355	4,794,397
Instructional Materials			
General Supplies	23,500	17,989	17,000
Library Resource Materials	-	-	81
Teaching Aids	30,000	38,387	46,247
	53,500	56,376	63,328
Instructional Furniture and Equipment			
Replacement	30,000	27,473	12,808
Rentals and Repairs	7,500	7,720	7,692
	37,500	35,193	20,500
Instructional Staff Travel			
Program Co-ordinators	19,000	-	10,945
Teachers' Travel	16,000	20,707	22,158
Inservice and Conferences	5,000	1,437	4,706
	40,000	22,144	37,809
Other Instructional Costs			
French Monitor Program	37,500	44,037	34,689
Inclusion - Support Services	10,000	6,412	8,662
Secretaries - Training	5,000	1,920	499
Secretaries - Travel	2,500	1,045	3,097
Secretaries - Equipment	2,500	-	588
Kinderstart	500	1,500	97
PowerSchool	15,000	8,489	28,548
Arts Workshop	25,000	641	27,256
	98,000	64,044	103,436
Amortization	50,000	56,805	59,651
Total Instruction Expenditures	$ 4,673,000	$ 4,855,917	$ 5,079,121

Schedule 4

Conseil scolaire francophone provincial
de Terre-Neuve-et-Labrador

Operations and Maintenance Expenditures - Schools
Year Ended June 30, 2013

	Budget 2013	Actual 2013	Actual 2012
Salaries - Janitorial	$ 248,000	$ 302,388	$ 236,989
Salarires - Maintenance	81,000	95,244	116,519
Electricity	140,000	163,968	160,321
Municipal Service Fees/Garbage Removal	15,000	20,087	17,236
Telephone	26,000	25,131	28,334
Vehicle Operating and Travel	19,500	19,133	28,162
Janitorial Supplies	20,000	15,743	22,787
Janitorial Equipment	2,500	2,898	608
Minor Repairs and Maintenance - Buildings	50,000	167,356	133,118
Major Repairs and Maintenance - Buildings	-	661,707	623,549
Repairs and Maintenance - Equipment	21,500	11,007	3,364
Contracted Services - Janitorial	1,500	-	-
Snow Clearing	65,000	88,772	82,341
Other (Training)	6,000	-	-
Other (Security Systems)	3,000	1,987	2,960
Amortization	345,000	355,356	338,181
Total Operations and Maintenance	$ 1,044,000	$ 1,930,777	$ 1,794,469

Schedule 5

Conseil scolaire francophone provincial
de Terre-Neuve-et-Labrador

Pupil Transportation Expenditures
Year Ended June 30, 2013

	Budget 2013	Actual 2013	Actual 2012
Operation and Maintenance of Board Owned Fleet	$ -	$ -	$ -
Contracted Services			
Regular Transportation	445,000	503,313	418,780
Extracurricular Busing	6,000	5,989	5,968
Pupil Transportation Expenditures	$ 451,000	$ 509,302	$ 424,748

Conseil scolaire francophone provincial
de Terre-Neuve-et-Labrador

Ancillary Services and Miscellaneous Expenditures
Year Ended June 30, 2013

Ancillary Services Expenditures

The Board owns and operates the following ancillary services:

	Budget 2013	Actual 2013	Actual 2012
Ancillary Services			
Operation of Teachers' Residences	$ -	$ 41,324	$ -
Cafeterias	-	-	-
Other - Community Centre operations	175,000	194,353	182,153
Amortization	5,000	5,430	5,178
Other	-	-	-
Total ancillary services	180,000	241,107	187,331

Miscellaneous Expenditures

The Board has incurred the following miscellaneous expenses:

	Budget 2013	Actual 2013	Actual 2012
Wordpress	-	5,000	-
Special Project - Claquer des mots	-	3,757	2,954
Total miscellaneous expenses	-	8,757	2,954
Total Ancillary Services and Miscellaneous Expenses	$ 180,000	$ 249,864	$ 190,285

Schedule 7

Conseil scolaire francophone provincial
de Terre-Neuve-et-Labrador

Details of Capital Assets
Year Ended June 30, 2013

	Cost 2012	Additions 2013	Cost 2013	Accumulated Amortization 2013	Net book value 2013	Net book value 2012
Land and Sites						
Land and Sites	$ 125,000	$ -	$ 125,000	$ -	125,000	$ 125,000
Buildings						
Schools	13,445,335	374,541	13,819,876	5,301,877	8,517,999	8,474,317
Administration	-	-	-	-	-	-
	13,445,335	374,541	13,819,876	5,301,877	8,517,999	8,474,317
Furniture and Equip.						
Schools	663,996	8,774	672,770	469,417	203,352	251,382
Administration	118,956	-	118,956	107,787	11,169	16,619
Other - CGV	51,784	2,520	54,304	35,396	18,908	21,819
	834,736	11,294	846,030	612,600	233,429	289,820
Computers						
Schools	385,419	27,870	413,289	377,794	35,495	32,123
Administration	222,698	18,583	241,281	225,516	15,765	6,348
	608,117	46,453	654,570	603,310	51,260	38,471
Total Capital Assets	$ 15,013,188	$ 432,288	$ 15,445,476	$ 6,517,787	$ 8,927,689	$ 8,927,608

Conseil scolaire francophone provincial
de Terre-Neuve-et-Labrador

Pupil Services - Official Languages in Education Projects
Year Ended June 30, 2013

	Budget 2013	Actual 2013	Actual 2012
Language Recovery	$ 240,000	$ 237,979	$ 241,290
Student Support Services	109,335	117,244	112,712
Art & Cultural Programming	106,531	99,548	116,888
School Programs Coordination	125,240	77,629	13,455
Principal & Teacher Training	61,500	60,493	75,579
Promotion & Communications Services	46,000	50,768	31,258
Federal Project Administration	42,500	49,071	45,109
Technology Support Services	45,000	47,240	45,000
Teacher Recruitment and Retention	29,000	37,372	42,311
French Professional Services	30,450	31,072	34,019
School Board Governance	-	25,320	9,319
Educational Resource Centre	10,000	9,847	6,599
Support to Distance Education	-	-	15,211
Tutoring	-	-	3,147
Total - Pupil Services - Official Languages in Education Projects	$ 845,556	$ 843,583	$ 791,897

Conseil scolaire francophone provincial
de Terre-Neuve-et-Labrador

Community Programs - Official Languages in Education Projects
Year Ended June 30, 2013

	Budget 2013	Actual 2013	Actual 2012
Preschool Program	$ 75,356	$ 72,719	$ 70,920
After School Programs	63,660	63,629	35,460
Family Literacy - Port-au-Port Peninsula	30,688	30,906	32,505
Saturday Activity Camp	12,094	14,544	7,388
Summer Project	-	-	1,478
Total Community Programs - Official Languages in Education Projects	$ 181,798	$ 181,798	$ 147,751

Conseil scolaire francophone provincial
de Terre-Neuve-et-Labrador

Supplementary Information
Year Ended June 30, 2013

1. Prepaid Expenses

	2013	2012
Workers' Compensation Commission	$ 8,260	$ 9,716
Airplane Tickets	1,844	-
Rental - Damage Deposit	4,050	-
Other	-	649
Total Prepaid Expenses	$ 14,154	$ 10,365

CREDIT UNION DEPOSIT GUARANTEE CORPORATION NL

Financial Statements

Year Ended December 31, 2013

BRIAN T. SCAMMELL CA CBV
ASSURANCE VALUATION & ADVISORY

P.O.Box 29024
St. John's, NL A1A 5B5
P: 709.699.1135
E: brian@briantscammell.ca

INDEPENDENT AUDITOR'S REPORT

To the Directors of Credit Union Deposit Guarantee Corporation NL

I have audited the accompanying financial statements of Credit Union Deposit Guarantee Corporation NL, which comprise the balance sheet as at December 31, 2013 and the statements of income and fund balance and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Credit Union Deposit Guarantee Corporation NL as at December 31, 2013 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Brian Scammell

St. John's, NL
March 19, 2014

CHARTERED ACCOUNTANT

Credit Union Deposit Guarantee Corporation NL
Balance Sheet
December 31, 2013

	2013	2012
ASSETS		
Cash	$ 52,809	$ 65,714
Marketable securities *(Market value $6,450,110; 2012 - $6,009,880) (Note 4)*	6,450,110	6,009,880
Accounts receivable	614	862
Interest receivable	24,390	67,617
Harmonized sales tax recoverable	28,421	32,150
Prepaid expenses	441	390
Capital assets *(Note 5)*	11,864	12,666
	$ 6,568,649	$ 6,189,279
LIABILITIES		
Accounts payable	$ 530,825	$ 688,826
FUND BALANCE	6,037,824	5,500,453
LIABILITIES AND FUND BALANCE	$ 6,568,649	$ 6,189,279

ON BEHALF OF THE BOARD

Director

William *Director*

Credit Union Deposit Guarantee Corporation NL
Statement of Income and Fund Balance
Year Ended December 31, 2013

	2013	2012
REVENUE		
Assessments	$ 1,481,306	$ 1,249,175
Bonding insurance	276,968	266,660
Interest	111,212	107,165
Other	1,150	600
	1,870,636	1,623,600
EXPENSES		
Salaries and wages	527,933	500,241
Bonding Insurance	224,010	214,265
Advertising and promotion	76,743	90,333
Rental	44,460	43,974
Travel	38,824	26,826
Meetings and conventions	31,880	41,823
Training	30,990	42,657
Data access costs	13,228	12,854
Telephone	11,714	13,350
Office	11,469	14,615
Professional fees	10,793	20,769
Directors fees	7,830	8,220
Amortization	3,391	3,883
	1,033,265	1,033,810
INCOME FROM OPERATIONS	837,371	589,790
OTHER INCOME (EXPENSES)		
Assistance to credit unions	(300,000)	(482,000)
NET INCOME	537,371	107,790
FUND BALANCE - BEGINNING OF YEAR	5,500,453	5,392,663
FUND BALANCE - END OF YEAR	$ 6,037,824	$ 5,500,453

Credit Union Deposit Guarantee Corporation NL
Statement of Cash Flows
Year Ended December 31, 2013

	2013	2012
OPERATING ACTIVITIES		
Net income	$ 537,371	$ 107,790
Items not affecting cash:		
Amortization of capital assets	3,391	3,883
Interest revenue	(111,212)	(107,165)
	429,550	4,508
Changes in non-cash working capital:		
Accounts receivable	248	435
Interest received	154,439	118,159
Accounts payable	(158,001)	443,711
Prepaid expenses	(51)	2,610
Harmonized sales tax receivable	3,729	(3,805)
	364	561,110
Cash flow from operating activities	429,914	565,618
INVESTING ACTIVITIES		
Purchase of capital assets	(2,589)	(1,547)
Redemption of marketable securities	1,079,770	5,563,527
Purchase of marketable securities	(1,520,000)	(6,448,280)
Cash flow used by investing activities	(442,819)	(886,300)
DECREASE IN CASH FLOW	(12,905)	(320,682)
Cash - beginning of year	65,714	386,396
CASH - END OF YEAR	$ 52,809	$ 65,714
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	$ (43,228)	$ (10,994)
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -

---

1. REPORTING ENTITY

The Credit Union Deposit Guarantee Corporation (the "Corporation") is established as a corporation without share capital under the provisions of Section 133 of the *Credit Union Act, 2009*

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board. ("IASB")

The financial statements for the year ended December 31, 2013 were authorized for issue by the Corporation's Board of Directors on March 19, 2014.

These financial statements are presented in Canadian dollars which is the Corporation's functional currency. They are prepared under the historical cost convention except for cash and cash equivalents which are classified as available-for-sale.

Use of significant accounting judgments, estimates and assumptions

The preparation of these financial statements in conformity with IFRS requires management to make judgements, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, and disclosures of contingent assets and contingent liabilities at the date of these financial statements, and the reported amounts of revenues and expenses during the year. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from estimates made in these financial statements.

The estimates and underlying assumptions are continually evaluated. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS have a significant effect on these financial statements. Outlined below are areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the Corporation's financial statements:

(a) Provisions

Assistance to credit unions, which is included in accounts payable and accrued liabilities, is management's best estimate of the consideration required to settle the related liability, taking into account the risks and uncertainties surrounding the obligation.

Application of new and revised standards

In the current year, the Corporation applied the following new and amended IFRSs issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for the year ended December 31, 2013.

(a) IFRS 13 Fair Value Measurement

In May 2011, the IASB issued IFRS 13 - Fair Value Measurement ("IFRS 13"). IFRS 13 defines fair value and sets out a single IFRS framework for measuring fair value and requires disclosures about fair value measurements.

(continues)

2. BASIS OF PREPARATION *(continued)*

(b) Presentation of financial statements

In June 2011, the IASB amended IAS 1 - Presentation of Financial Statements: Other Comprehensive Income ("IAS 1"), which will be applied retrospectively for annual periods beginning on or after July 1, 2012. The amendments require additional disclosures on components of other comprehensive income ("OCI").

The adoption of the new and amended standards had no impact on the operations or reporting of the Corporation.

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to the existing standards have been issued by the IASB but are not yet effective for the year ended December 31, 2013, and have not been applied in preparing these financial statements:

(a) Recoverable Amount Disclosures for Non-Financial Assets

In May 2013, the IASB issued Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36). These narrow-scope amendments to IAS 36, Impairment of Assets, address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. IAS 36 is effective for annual periods beginning on or after January 1, 2014

(b) Financial Instruments

In November 2009 and October 2010, the IASB issued IFRS 9 - Financial Instruments ("IFRS 9"), Classification and Measurement of Financial Assets and Financial Liabilities. IFRS 9 will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39") in its entirety. IFRS 9 uses a single approach to determine whether a financial asset or liability is measured at amortized cost or fair value, replacing the multiple rules in IAS 39.

In November 2013, the IASB announced the completion of a package of three amendments to the accounting requirements for financial statements set out in IFRS 9. The amendments are as follows:

(i) bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements;

(ii) allow the changes to address the so-called 'own credit' issue that were already included in IFRS 9 to be applied in isolation without the need to change any other accounting for financial instruments; and

(iii) remove the January 1, 2015 mandatory effective date of IFRS 9, to provide sufficient time for preparers of financial statements to make the transition to the new requirements.

The Corporation is assessing the potential impact of these new amendments and standards.

3. OTHER SIGNIFICANT ACCOUNTING POLICIES

Cash

Cash consists of balances with banks.

Financial instruments

Classification

A financial instrument is a contract that establishes a financial asset for one party and a financial liability or equity instrument for the other party. All financial instruments have been classified either based on the type of instrument or the Corporation's intention regarding the instrument, as described below:

Held for Trading

Financial assets classified as held for trading are typically acquired for resale prior to maturity or designated as held for trading.They are measured at fair value on the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in investment income. Cash and cash equivalents have been classified as held-for-trading.

Financial liabilities designated as held for trading are those non-derivative financial liabilities that the Corporation elects to designate on initial recognition as instruments that it will measure at fair value through other interest expense.These are accounted for in the same manner as held for trading assets.The Corporation has not designated any non-derivative financial liabilities as held for trading.

Held to Maturity

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and a fixed maturity, other than loans and receivables, that an entity has the positive intention and ability to hold to maturity.These assets are measured at amortized cost using the effective interest method. The Corporation has classified its investments as held to maturity.

Available for Sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale, or that are not classified as loans and receivables, held for trading, or held to maturity. Except as mentioned below, available for sale financial assets are carried at fair value with unrealized gains and losses included in accumulated other comprehensive income until realized when the cumulative gain or loss is transferred to other income. Available for sale financial assets that do not have quoted market prices in an active market are recorded at cost. Interest on interest bearing available for sale financial assets is calculated using the effective interest method. No financial assets have been classified as available for sale.

Loans and Receivables

Loans and receivables are recorded at amortized cost using the effective interest method. Amortized cost is a reasonable estimate of the fair value of these instruments.

(continues)

3. OTHER SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Other Liabilities

Other liabilities, such as bank indebtedness and accounts payable and accrued liabilities, are recorded at amortized cost using the effective interest method and include all financial liabilities other than derivative instruments. Amortized cost is a reasonable estimate of the fair value of these instruments

Transaction Costs

Transaction costs are expensed as incurred.

Fair Values

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable willing parties who are under no compulsion to act. Fair values are determined by reference to quoted bid or asking prices in an active market. In the absence of an open market, the Corporation determines fair values based on internal or external valuation models such as discounted cash flow analysis or using observable market-based inputs.

Effective Interest Method

The Corporation uses the effective interest method to recognize interest income or expense, premiums or discounts earned or incurred for financial instruments.

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	30%	declining balance method
Furniture and fixtures	20%	declining balance method
Signage	20%	declining balance method

The Corporation regularly reviews its capital assets to eliminate obsolete items.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Severance pay

Severance pay, which is included with accounts payable and accrued liabilities, is accrued for all employees for whom the right to such compensation is vested.

Revenue recognition

The Corporation recognizes assessment revenue based on a percentage of insured deposits of individual credit unions operating within the Province of Newfoundland & Labrador. Interest revenue is recognized based on the investment interest collected and accrued during the year, and bonding revenue is recognized based on a percentage of individual credit unions' assets plus a $60,000 fee that is allocated to the Newfoundland and Labrador credit unions based on a pre-determined formula.

(continues)

3. OTHER SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Assistance to credit unions

Assistance to credit unions is recorded only when it can be reasonably determined by the Corporation that such a payment will be required and when the Board of Directors has assessed the reasonableness of such a charge and authorized the assistance as a commitment of the Fund. The determination of the assistance requires the exercise of judgement because the precise amount, method and timing of such assistance is dependent on future events. The amount of actual assistance paid and possible future assistance is disclosed in the financial statements.

Pension costs

Employees of the Corporation other than the Chief Executive Officer are included in the Public Service Pension Plan of the Government of Newfoundland and Labrador. Contributions to the plans are required from both the employees and the Corporation. The annual contributions for pension are recognized in the accounts on a current basis. Contributions to this plan totalled $23,992 (2012- $24,274).

The Corporation also contributed to a private registered retirement savings plan for the Chief Executive Officer based on a percentage of his annual salary. Contributions to this plan totalled $7,966 (2012- $7,966)

Future income taxes

The liability method of tax allocation is used in accounting for income taxes. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities, and measured using the substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse.

4. MARKETABLE SECURITIES

	2013	2012
Concentra Financial term deposit, 1.76%, maturing April 9, 2014 *(market value $5,000,000)*	$ 5,000,000	$ -
Concentra Financial term deposit, 1.78%, matured April 9, 2013 *(market value $5,000,000)*	-	5,000,000
Concentral Financial term deposit, 1.67%, maturing April 28, 2014. *(market value $1,450,000)*	1,450,000	-
Concentra Financial term deposit, 1.51%, matured April 26, 2013 *(market value $1,009,770)*	-	1,009,770
Newfoundland and Labrador Credit Union share	100	100
Concentra share	10	10
	$ 6,450,110	$ 6,009,880

5. CAPITAL ASSETS

2013

	Computers	Signage	Furniture and Fixtures	Total
	$	$	$	$
Cost				
Balance, beginning of year	77,084	1,547	34,247	112,878
Additions	1,789	-	800	2,589
Disposals				
Balance, end of year	78,873	1,547	35,047	115,467
Accumulated Depreciation				
Balance, beginning of year	71,990	155	28,067	100,212
Amortization expense	1,797	278	1,316	3,391
Balance, end of year	73,787	433	29,383	103,603
Net book value	**5,086**	**1,114**	**5,664**	**11,864**

2012

	Computers	Signage	Furniture and Fixtures	Total
	$		$	$
Cost				
Balance, beginning of year	77,084	-	34,247	111,331
Additions	-	1,547	-	1,547
Disposals	-	-	-	
Balance, end of year	77,084	1,547	34,247	112,878
Accumulated Depreciation				
Balance, beginning of year	69,807	-	26,522	96,329
Amortization expense	2,183	155	1,545	3,883
Balance, end of year	71,990	155	28,067	100,212
Net book value	**5,094**	**1,392**	**6,180**	**12,666**

6. CAPITAL MANAGEMENT

The Corporation's objectives with respect to capital management are to safeguard the entity's ability to continue as a going concern so that it can continue to operate as a deposit insurance provider for the Newfoundland & Labrador credit unions, including the provision of stabilization funds as needed.

The Corporation defines its capital as the balance in the Deposit Guarantee Fund Balance; the changes in this balance for 2013 are presented in the Statement of Income and Fund Balance.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Corporation's financial instruments are comprised of cash, investments, receivables and accounts payable.

Cash is reported at fair value on the balance sheet. Receivables and accounts payable are reported at amortized cost which approximates fair value due to their short term nature. Investments are reported at amortized cost using the effective interest method which approximates their fair value.

8. NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS

The Corporation is exposed to the following risks as a result of holding financial instruments: credit risk, market risk and liquidity risk. The following is a description of those risks and how the Corporation manages the exposure to them.

Credit Risk

Credit risk is the risk that a financial loss will occur due to the failure of a counterparty to discharge its contractual commitment or obligation to the Corporation. Credit risk may arise principally through its investments included in the Corporation's asset portfolio.

The Corporation manages this risk by making investments in accordance with the investment policy established by the Board of Directors which permits the Corporation to invest in high quality, liquid short-term investments. Equity investments are not permitted.

Market Risk

Market risk arises from changes in interest rates on investments in its portfolio that affect the Corporation's net interest income. The Corporation's goal is to maximize its return on these portfolios, without taking unreasonable risk and retaining a high degree of liquidity.

The Corporation manages this risk by investing in securities that are not susceptible to significant changes in rates of return to the Corporation caused by changes in market values of the investments.

Liquidity Risk

Liquidity risk is the risk of having insufficient financial resources to meet the Corporation's funding requirements.

The Corporation's liquidity policies and practices include the measurement and forecast of cash flows and maintenance of a pool of high quality liquid assets.

9. COMMITMENTS

The Corporation has entered into a lease agreement for office space which expires December 31, 2016. The amount of the annual rent payable is $44,460 plus HST.

10. INCOME TAXES

Credit union assessments and assistance are excluded from the calculation of taxable income.

The undepreciated capital cost for income tax purposes of the Corporation's depreciable assets exceeds the net book value by $127,274.

The Corporation has the following non-capital losses available which can be used to reduce future years' taxable income. The potential income tax benefits associated with these items have not been recognized in the financial statements

2014	$ 438,667
2015	362,558
2026	350,333
2027	255,907
2028	387,654
2029	434,292
2030	575,432
2031	654,705
2032	658,896
2033	631,274
	$ 4,749,718

11. RELATED PARTY TRANSACTIONS

The Corporation's compensation, including the employers' portion of benefits, to key management personnel in 2013, which are defined by IAS 24, Related Party Disclosures, as those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation, including directors and management was $226,609 (2012 - $226,399).

Dairy Farmers of Newfoundland and Labrador

Financial Statements

July 31, 2013

Table of Contents

FELTHAM ATTWOOD
CERTIFIED GENERAL ACCOUNTANTS

Suite 202, 39 Commonwealth Ave.
Mount Pearl, NL A1N 1W7
Tel: 709-364-7300 Fax: 709-364-7731
Partners: Debra J. Feltham, FCGA
Renee Attwood, CGA

INDEPENDANT AUDITORS' REPORT

To the Board of Dairy Farmers of Newfoundland and Labrador

We have audited the accompanying financial statements of Dairy Farmers of Newfoundland and Labrador which comprise of the statement of financial position as at July 31, 2013, July 31, 2012, and August 1, 2011 and the statements of operations and changes in net assets and cash flows for the years ended July 31, 2013 and July 31, 2012, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards excluding the PS 4200 series, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit invloves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion these financial statements present fairly, in all material respects, the financial position of Dairy Farmers of Newfoundland and Labrador as at July 31, 2013, July 31, 2012 and August 1, 2011, and its financial performance and its cash flows for the years ended July 31, 2013 and July 31, 2012, in accordance with Canadian Public Sector Accounting Standards excluding the PS 4200 series.

Feltham Attwood

Feltham Attwood
Certified General Accountants

Mount Pearl, Newfoundland
October 28, 2013

Independent member of
PORTER HETU INTERNATIONAL
Professional Strength
Personal Service
Practical Solutions

Dairy Farmers of Newfoundland and Labrador
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended July 31, 2013

	Budget	2013	2012
Revenue			
Market share quota (Note 5)	$ -	$ 14,310,725	$ 13,769,384
Dairy Farmers of Newfoundland and Labrador Board levies	960,000	976,046	980,902
New entrants levy	160,000	149,529	131,590
Top up program	-	17,539	19,286
Government funding - special projects (Note 6)	-	319,112	2,518,004
Special project income (Note 7)	35,000	37,697	169,484
Other income	-	1,950	-
	1,155,000	15,812,598	17,588,650
	-		
Direct expenditures	-		
Market share quota (Note 5)	-	14,310,725	13,769,384
Special project costs (Note 8)	10,000	336,159	2,701,894
Fluid Milk Dairy Farmers of Canada promotion levy	81,600	64,813	126,946
Dairy Farmers of Canada ice cream promotion fund	45,000	48,248	43,840
Other direct costs	-	-	3,000
	136,600	14,759,945	16,645,064
	-		
	1,018,400	1,052,653	943,586
Operating expenditures (page 9)	947,699	935,957	916,140
Excess of revenue over expenditures	70,701	116,696	27,446
Interest	-	2,624	-
Excess of revenue over expenditures	$ 70,701	$ 119,320	$ 27,446

	2013	2012
Net sssets, beginning of year	$ 519,711	$ 492,265
Excess of revenue over expenditures	119,320	27,446
Net assets, end of year	$ 639,031	$ 519,711

Dairy Farmers of Newfoundland and Labrador

STATEMENT OF FINANCIAL POSITION

As at July 31, 2013

	July 31 2013	July 31 2012	August 1 2011
ASSETS			
Current			
Cash and cash equivalents	$ 83,967	$ 418,227	$ 8,029
Accounts receivable	2,647,315	2,753,405	2,435,091
HST Receivable	8,632	25,278	9,309
Prepaid expenses and deposits	10,100	18,241	10,404
	2,750,014	3,215,151	2,462,833
Capital assets (Note 2)	4,640	5,966	5,703
	$ 2,754,654	$ 3,221,117	$ 2,468,536
LIABILITIES			
Current			
Payables and accruals	$ 2,059,098	$ 2,646,260	$ 1,914,626
Deferred revenue	-	8,599	18,548
	2,059,098	2,654,859	1,933,174
Accrued severance pay	51,885	40,581	37,395
	2,110,983	2,695,440	1,970,569
NET ASSETS			
Net assets	639,031	519,711	492,264
Investment in capital assets (Note 4)	4,640	5,966	5,703
	643,671	525,677	497,967
	$ 2,754,654	$ 3,221,117	$ 2,468,536

On behalf of the Board

_____________ Director

December 10, 2013 Date

The accompanying notes form an integral part of these financial statements

Dairy Farmers of Newfoundland and Labrador

STATEMENT OF CASH FLOWS

For the year ended July 31, 2013

	2013	2012
Cash flows from operating activities		
Net income	$ 119,320	$ 27,446
Items not requiring an outlay of cash:		
Capital expenditures	670	2,103
	119,990	29,549
Changes in non-cash working capital:		
Receivables	122,736	(318,314)
Prepaid expenses	8,140	(7,836)
Payables and accruals	(587,160)	715,666
Accrued severance pay	11,303	3,185
Deferred income	(8,599)	(9,949)
	(333,590)	412,301
Cash flows used in investing activities		
Purchase of property, plant, and equipment	(670)	(2,103)
	(670)	(2,103)
Increase (decrease) in cash and cash equivalents	(334,260)	410,198
Cash and cash equivalents, beginning of year	418,227	8,029
Cash and cash equivalents, end of year	$ 83,967	$ 418,227

The accompanying notes form an integral part of these financial statements

Dairy Farmers of Newfoundland and Labrador principal activities are the collection of levies to provide services to the 34 dairy farmers of Newfoundland and Labrador and the buying and reselling of industrial milk. The Board is a not-for-profit organization and is exempt from paying income tax under Section 149 of the Canadian Income Tax Act. They are a Commodity Board under the Natural Products Marketing Act.

1. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB). The adoption of these standards was effective January 1, 2012. Significant accounting policies adopted are outlined below.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the year. Significant areas of estimation include assumptions used in estimating amortization of tangible capital assets, provisions for accrued liabilities, and in performing actuarial valuations of employee future benefits. Actual results could differ from these estimates.

Revenue recognition

Market sharing quota revenue including industrial milk, pooling charges, transportation and promotion levy is recognized when milk is shipped out of province to dairies in New Brunswick and Nova Scotia.

Board levies are recognized on a monthly basis as earned from each of the dairy farmers.

Government funding for specific projects are recognized as the related expenses are incurred.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks. Bank borrowings are considered to be financing activities.

Capital assets

As non-financial assets, tangible capital assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development, or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized over their estimated useful lives on a declining balance basis.

Estimated useful lives and amortization methods are reviewed at the end of each year and adjusted on a prospective basis, if necessary. The rates for significant classes of tangible capital assets are indicated in note 2.

Severance pay

Severance pay is accounted for on a accrual basis and is calculated based upon years of service and current salary levels. The right to receive severance pay vests with employees with five or ten years (depending on contract) of continual service, and accordingly no provision has been made in the accounts for employees with less than five years of continual service. The amount is payable when the employee ceases employment with the Board.

2. Capital assets

	Rate	Cost	Accumulated Amortization	Net Book Value 2013	Net Book Value 2012
Computer equipment	45%	$ 10,830	$ 9,064	$ 1,766	$ 2,374
Furniture and equipment	20%	39,218	36,345	2,873	3,592
		$ 50,048	$ 45,409	$ 4,640	$ 5,966

3. Bank indebtedness

The Board has an approved line of credit of $600,000 with the Canadian Imperial Bank of Commerce at an interest rate of prime. As security the Board has provided a general security agreement providing a first charge on all assets. At July 31, 2013, there was a balance of $nil (2012 - $nil) outstanding on the line of credit.

4. Investment in capital assets

	2013	2012
Balance, beginning of year	$ 5,966	$ 5,703
Capital expenditures	670	2,103
Depreciation	(1,996)	(1,840)
	$ 4,640	$ 5,966

5. Market share quota

	2013	2012
Revenue		
Industrial milk	$ 11,289,274	$ 10,870,918
Canadian Dairy Commissions pooling charges	1,622,791	1,494,076
Transportation	1,246,609	1,256,426
Dairy Farmers of Canada promotion levy	150,830	147,964
Five Brothers Cheese	1,221	-
	$ 14,310,725	$ 13,769,384
Direct expenditures		
Industrial milk	$ 11,289,274	$ 10,870,918
Canadian Dairy Commissions pooling charges	1,622,791	1,494,076
Transportation	1,246,609	1,256,426
Dairy Farmers of Canada promotion levy	150,830	147,964
Five Brothers Cheese	1,221	-
	$ 14,310,725	$ 13,769,384

6. Government funding - special projects

The Board received Government funding for the following projects:

	2013	2012
Land Development Initiative	$ 286,416	$ 2,476,028
True Grit Sand Separator	-	9,050
Udder Health and Mastitis	-	11,626
Alternative Bedding	13,678	9,949
Advancing NL Dairy Industry	-	11,626
Profit profiler	13,745	-
Nutrient Management Planning	5,273	-
	$ 319,112	$ 2,518,004

7. Special project income

		2013	2012
Tank Callibration Revenue	$	-	11,800
DFC Annual Policy Conference		37,697	150,471
CQM St. John's Meeting		-	7,213
	$	37,697	169,484

8. Special project costs

		2013		2012
Land Development Initiative	$	286,416	$	2,476,074
DFC Annual Policy Confercene 2012		10,348		155,443
CQM Meeting		-		1,829
Cost of Production Update		3,635		3,696
Tank Callibration		-		17,700
Udder Health and Mastitis		-		11,351
CQM Rebate		-		9,050
Advancing NL Dairy Industry		-		14,315
Profit profiler		16,170		-
Nutrient Management Planning		5,273		-
Atlantic John's Disease Initiative		14,317		-
Other		-		12,436
	$	336,159	$	2,701,894

9. Commitments

The Board has commitments for the lease of office space and equipment for the next three years as follows: 2014 - $20;582; 2015 - $20,259; and 2016 -$20,259.

Dairy Farmers of Newfoundland and Labrador entered into an agreement with Government of Canada for a research project for research in processing of cool climate silage maise. The project researched the effects on chemical composition, voluntary intake, digestibility, rumen degradation and milk yield.

10.Capital management

The capital structure of the Board consists of investment in capital assets, and net assets. The primary objective of the Boards' capital management is to provide adequate funding to ensure efficient delivery of its services and activities to dairy farmers.

Investment in capital assets represents the amount of net assets that are not available for other purposes because they have been invested.

Net assets are funds available for future operations and are preserved so that the Board can have financial flexibility should opportunities arise in the future.

For the year end July 31, 2013, the Board has complied with all imposed capital restrictions.

11.Comparative figures

Comparative figures may have been restated to reflect the financial statement presentation adopted for 2013.

Dairy Farmers of Newfoundland and Labrador

SCHEDULE OF OPERATING EXPENSES
For the year ended July 31, 2013

	Budget	2013	2012
Advertising	$ 40,000	$ 8,560	$ 18,657
Board annual and semi-annual meetings	20,000	16,074	16,660
Capital expenditures	-	670	2,102
Conference and meetings	30,000	19,154	22,254
CDC audit fees	10,000	10,000	-
CQM initiative payment	3,500	4,400	-
Donations,dues and subscriptions	18,000	20,759	16,491
Equipment leasing	4,000	2,873	3,614
Federation of Agriculture	22,500	22,500	22,500
Honorarium	9,600	9,600	9,600
Insurance	2,000	1,825	1,815
Interest and bank charges	4,000	871	3,477
Iodine testing	-	1,129	-
Milk testing	3,000	4,702	2,284
Miscellaneous	1,000	1,735	2,805
National cost of production study			9,500
Office supplies and postage	8,000	8,361	8,398
Per diems	30,400	24,305	26,540
Professional fees	20,000	14,265	41,465
Research	18,000	10,000	10,000
Rent	8,000	14,851	19,790
Repairs and maintenance	2,000	2,029	1,982
School Milk Foundation	339,665	339,665	339,665
Telephone and utilities	12,000	10,230	9,820
Travel	55,000	70,526	51,815
Wages and benefits	287,034	316,873	274,906
	$ 947,699	$ 935,957	$ 916,140

The accompanying notes form an integral part of these financial statements

DIRECTOR OF SUPPORT ENFORCEMENT

FINANCIAL STATEMENTS

MARCH 31, 2014

AUDITOR
GENERAL
of Newfoundland and Labrador

INDEPENDENT AUDITOR'S REPORT

To the Director of Support Enforcement
Corner Brook, Newfoundland and Labrador

Report on the Financial Statements

I have audited the accompanying financial statements of the Director of Support Enforcement, which comprise the balance sheet as at March 31, 2014, and the statement of receipts and disbursements for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the information needs of the Director of Support Enforcement and the Government of Newfoundland and Labrador under Section 9 of the *Support Orders Enforcement Act, 2006*, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Independent Auditor's Report (cont.)

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Director of Support Enforcement as at March 31, 2014, and its receipts and disbursements for the year then ended in accordance with the accounting policies described in note 1 to these financial statements.

Basis of Accounting

Without modifying my opinion, I draw attention to note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared solely for the information of the Director of Support Enforcement and the Government of Newfoundland and Labrador to meet their information needs under Section 9 of the *Support Orders Enforcement Act, 2006*. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

TERRY PADDON, CA
Auditor General

June 6, 2014
St. John's, Newfoundland and Labrador

DIRECTOR OF SUPPORT ENFORCEMENT

BALANCE SHEET

March 31	2014	2013
ASSETS		
Cash	$ 993,769	$ 949,082
Accounts receivable (Note 2)	23,217,954	21,483,431
Other receivables (Note 3)	18,979	11,637
	$ 24,230,702	$ 22,444,150
LIABILITIES		
Accounts payable (Note 4)	$ 24,197,282	$ 22,410,997
Other payables (Note 5)	33,420	33,153
	$ 24,230,702	$ 22,444,150

See accompanying notes

Signed: ______________________

Director

DIRECTOR OF SUPPORT ENFORCEMENT
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31	2014	2013
RECEIPTS		
Regular support	$ 36,397,093	$ 34,051,697
Out-of-system support	1,006,661	1,071,632
	37,403,754	35,123,329
DISBURSEMENTS		
Regular support	35,814,303	33,631,262
Out-of-system support	1,006,661	1,071,632
Other payments	538,103	371,550
	37,359,067	35,074,444
Excess of receipts over disbursements	44,687	48,885
Cash, beginning of year	949,082	900,197
Cash, end of year	$ 993,769	$ 949,082

See accompanying notes

Authority

The Director of Support Enforcement operates under the authority of the *Support Orders Enforcement Act, 2006*. Under this *Act*, the Director is responsible for enforcing court ordered support payments and for acting on behalf of the Attorney General in matters arising pursuant to the *Interjurisdictional Support Orders Act*.

The Director of Support Enforcement operates as a division of the Department of Justice and as such is not subject to Provincial or Federal income taxes.

1. Basis of accounting

These financial statements have been prepared by the Director of Support Enforcement in accordance with the significant accounting policies set out below to meet the information needs of the Director of Support Enforcement and the Government of Newfoundland and Labrador under Section 9 of the *Support Orders Enforcement Act, 2006*. The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles because all receipts and disbursements are being recognized on a cash basis and not all expenditures related to the operations of the Director of Support Enforcement are reflected in these statements.

Summary of significant accounting policies

Outlined below are the significant accounting policies followed.

(a) Administrative expenditures

The Director of Support Enforcement, for administrative purposes, operates as a division of the Department of Justice. Therefore, expenditures related to salaries, accommodations and administration are absorbed by the Department of Justice and no provision has been made in these financial statements for the cost of these items.

(b) Assets and liabilities

Assets are comprised of cash in bank and accounts receivable from debtors. Liabilities are comprised of accounts payable due to creditors.

(c) Receipts and disbursements

Receipts are recorded when amounts are received from debtors and disbursements are recorded when amounts are paid to creditors. Amounts paid directly to creditors by debtors are recorded as out-of-system support while amounts received by the Director of Support Enforcement are recorded as regular support. Amounts refunded to debtors or remitted to the Province are recorded as other payments.

2. Accounts receivable

Accounts receivable are comprised of amounts owing from debtors on registered support orders. The receivables are classified as follows:

	2014	2013
Unenforceable support orders		
Debtor out of Province - interjurisdictional support orders	$ 9,527,570	$ 9,553,951
Debtor in receipt of income support	2,470,951	2,329,040
Stay of enforcement in place	2,609,413	2,466,092
	14,607,934	14,349,083
Enforceable support orders	8,610,020	7,134,348
	$ 23,217,954	$ 21,483,431

3. Other receivables

Other receivables of $18,979 (2013 - $11,637) represent payments made to creditors when the corresponding debtor cheque was not negotiable or the payment was made in error.

4. Accounts payable

Accounts payable are comprised of amounts owing to creditors in accordance with registered support orders. The payables are classified as follows:

	2014	2013
Unenforceable support orders		
Debtor out of Province - interjurisdictional support orders	$ 9,527,570	$ 9,553,951
Debtor in receipt of income support	2,470,951	2,329,040
Stay of enforcement in place	2,609,413	2,466,092
	14,607,934	14,349,083
Enforceable support orders	9,589,348	8,061,914
	$ 24,197,282	$ 22,410,997

5. Other payables

Other payables of $33,420 (2013 - $33,153) represent funds which have not been assigned to any debtor account. These amounts may eventually be paid to the Newfoundland Exchequer Account.

6. Related party transactions

The Director of Support Enforcement operates as a division of the Department of Justice. Expenses of $904,635 (2013 - $954,266) related to salaries, accommodations and administration are paid directly by the Department and no provision is made in these financial statements to reflect these expenditures.

During the year the Director of Support Enforcement paid approximately $1.9 million (2013 - $1.7 million) to the Department of Advanced Education and Skills related to support payments collected on behalf of individuals receiving income support.

7. Financial instruments

The Director of Support Enforcement's financial instruments recognized on the balance sheet consist of cash, accounts receivable, other receivables, accounts payable and other payables. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

Consolidated Financial Statements

Eastern Regional Health Authority

March 31, 2014

Building a better
working world

STATEMENT OF MANAGEMENT RESPONSIBILITY

The accompanying consolidated financial statements of the **Eastern Regional Health Authority** [the "Authority"] as at and for the year ended March 31, 2014 have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the notes to the consolidated financial statements and schedules.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management developed and maintains systems of internal control to provide reasonable assurance that transactions are properly authorized and recorded, proper records are maintained, assets are safeguarded, and the Authority complies with applicable laws and regulations.

The external auditor, Ernst & Young LLP, conducts an independent examination in accordance with Canadian generally accepted auditing standards and expresses an opinion on the consolidated financial statements for the year ended March 31, 2014.

George Butt, CA	Chris O'Grady, CGA
Vice President, Corporate Services	Director of Financial Services

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the
Eastern Regional Health Authority

We have audited the accompanying consolidated financial statements of the **Eastern Regional Health Authority**, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statements of operations and accumulated deficit, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the **Eastern Regional Health Authority** as at March 31, 2014 and the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Ernst & Young LLP

St. John's, Canada,
June 25, 2014.

Chartered Accountants

Eastern Regional Health Authority

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT

Year ended March 31
[in thousands of dollars]

	Budget $ *[note 21]*	2014 $	2013 $
Revenue			
Provincial plan	1,175,985	1,175,985	1,149,258
MCP	75,567	75,697	74,483
Provincial plan capital grant	—	22,121	23,497
Other	35,932	38,776	39,302
Resident	18,405	17,711	18,560
Inpatient	12,498	13,302	10,779
Outpatient	8,369	8,061	9,091
Other capital contributions	—	5,758	6,713
Cottages and Hostels operations	—	2,322	2,906
	1,326,756	1,359,733	1,334,589
Expenses			
Patient and resident services	354,299	361,334	362,744
Client services	223,984	218,638	210,918
Diagnostic and therapeutic	189,707	188,356	179,020
Support	159,287	165,421	163,796
Ambulatory care	138,635	145,620	142,729
Administration	115,334	115,961	113,834
Medical services	98,620	100,351	98,761
Amortization of tangible capital assets	—	43,334	32,578
Research and education	16,410	15,735	16,526
Interest on long-term debt	10,187	9,354	9,469
Other	18,335	5,294	8,000
Accrued severance pay (recovery)	—	(3,576)	6,845
Accrued sick leave (recovery)	—	(3,783)	1,799
Accrued vacation pay (recovery)	—	185	(686)
Cottages and Hostels operations	—	1,859	1,802
	1,324,798	1,364,083	1,348,135
Annual deficit	1,958	(4,350)	(13,546)
Public Health Laboratory transfer	—	(219)	—
Accumulated deficit, beginning of year	—	(76,130)	(62,584)
Accumulated deficit, end of year		(80,699)	(76,130)

See accompanying notes

Eastern Regional Health Authority

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

Year ended March 31
[in thousands of dollars]

	Budget $ *[note 21]*	2014 $	2013 $
Annual deficit	—	**(4,350)**	(13,546)
Changes in tangible capital assets			
Acquisition of tangible capital assets	—	**(27,879)**	(31,013)
Amortization of tangible capital assets	—	**43,334**	32,578
Decrease in net book value of tangible capital assets	—	**15,455**	1,565
Changes in other non-financial assets			
Net (increase) decrease in prepaid expenses	—	**(823)**	2,211
Net increase in supplies inventory	—	**(140)**	(892)
(Increase) decrease in other non-financial assets	—	**(963)**	1,319
Decrease (increase) in net debt	—	**10,142**	(10,662)
Net debt – beginning of year	—	**(456,903)**	(446,241)
Public Health Laboratory transfer	—	**(717)**	—
Net debt – end of year	—	**(447,478)**	(456,903)

See accompanying notes

Eastern Regional Health Authority

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31
[in thousands of dollars]

	2014	2013
	$	$
Financial assets		
Cash and cash equivalents	—	13,896
Accounts receivable *[note 3]*	**24,940**	31,811
Due from government/other government entities *[note 4]*	**107,910**	63,598
Replacement reserve fund *[note 12]*	**704**	732
Sinking fund investment *[note 11]*	**14,969**	13,506
	148,523	123,543
Liabilities		
Bank indebtedness *[note 6]*	**2,771**	—
Accounts payable and accrued liabilities *[note 7]*	**107,087**	106,105
Due to government/other government entities *[note 8]*	**25,788**	27,170
Employee future benefits		
Accrued sick leave *[note 18]*	**59,654**	63,307
Accrued severance pay *[note 17]*	**110,841**	113,947
Accrued vacation pay	**47,779**	47,459
Deferred contributions *[note 9]*		
Deferred capital grants	**80,190**	65,984
Deferred operating contributions	**20,883**	12,910
Replacement reserve fund *[note 12]*	**704**	732
Long-term debt *[note 10]*	**140,304**	142,832
	596,001	580,446
Net debt	**(447,478)**	(456,903)
Non-financial assets		
Tangible capital assets *[note 5]*	**346,326**	361,283
Supplies inventory	**15,537**	15,397
Prepaid expenses	**4,916**	4,093
	366,779	380,773
Accumulated deficit	**(80,699)**	(76,130)

Contingencies *[note 15]*

Contractual obligations *[note 16]*

See accompanying notes

Approved by the Board:

_______________ Director _______________ Director

Eastern Regional Health Authority

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31
[in thousands of dollars]

	2014 $	2013 $
Operating transactions		
Annual deficit	**(4,350)**	(13,546)
Adjustments for:		
Amortization of tangible capital assets	**43,334**	32,578
Capital grants	**(27,879)**	(30,210)
(Decrease) increase in accrued severance pay	**(3,576)**	6,845
(Decrease) increase in accrued sick leave	**(3,783)**	1,799
Net change in non-cash assets and liabilities related to operations *[note 13]*	**(16,422)**	14,668
Cash (used in) provided by operating transactions	**(12,676)**	12,134
Capital transactions		
Acquisition of tangible capital assets	**(27,879)**	(31,013)
Tangible capital asset contributions	**27,879**	30,210
Cash used in capital transactions	**—**	(803)
Investing transactions		
Sinking fund payments	**(1,463)**	(1,443)
Cash used in investing transactions	**(1,463)**	(1,443)
Financing transactions		
Repayment of long-term debt	**(2,528)**	(3,038)
Cash used in financing transactions	**(2,528)**	(3,038)
Net (decrease) increase in cash during the year	**(16,667)**	6,850
Cash and cash equivalents, beginning of year	**13,896**	7,046
(Bank indebtedness) cash and cash equivalents, end of year	**(2,771)**	13,896
Supplementary disclosure of cash flow information		
Interest paid	**9,354**	9,596

See accompanying notes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

1. NATURE OF OPERATIONS

The Eastern Regional Health Authority ["Eastern Health" or the "Authority"] is responsible for the governance of health services in the Eastern Region of the Province of Newfoundland and Labrador [the "Province"].

The mandate of Eastern Health spans the full health continuum, including primary and secondary level health and community services for the Eastern Region [Avalon, Bonavista and Burin Peninsulas, west to Port Blandford], as well as tertiary and other provincial programs/services for the entire Province. The Authority also has a mandate to work to improve the overall health of the population through its focus on public health as well as on health promotion and prevention initiatives. Services are both community and institutional based. In addition to the provision of comprehensive health care services, Eastern Health also provides education and research in partnership with all stakeholders.

Effective April 1, 2013, the operations of the Public Health Laboratory ["PHL"] were transferred to Eastern Health. PHL was not a separate legal entity; it was a component of the provincial government of the Province. Prior to April 1, 2013, separate financial statements of PHL were prepared. From April 1, 2013 onwards, the assets, liabilities, revenues and expenses associated with the operations and activities of PHL have been recorded by Eastern Health. Comparative financial statements have not been restated as it is not material to Eastern Health.

Eastern Health is a registered charity and, while registered, is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The consolidated financial statements have been prepared in accordance with Canadian accepted accounting principles established by the Public Sector Accounting Standards Board of the Chartered Professional Accountants of Canada.

The significant accounting policies used in the preparation of these consolidated financial statements are as follows:

Basis of presentation

These consolidated financial statements reflect the assets, liabilities, revenue and expenses of the reporting entity, which is composed of all organizations that are controlled by Eastern Health. These organizations are listed under basis of consolidation. Trusts administered by Eastern Health are not included in the consolidated statement of financial position *[note 14]*.

The Authority has also prepared separate non-consolidated financial statements for the operations of the operating fund of Eastern Health.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [Cont'd]

Principles of consolidation

The Authority controls the General Hospital Hostel Association, Northwest Rotary – Janeway Hostel Corporation, Lions Manor Inc., TCRHB Housing Complex Inc., Blue Crest Cottages and Golden Heights Manor Cottages [together with Eastern Health, collectively referred to herein as "Eastern Health" or the "Authority"]. These entities were established to provide accommodations for family members of patients and housing to senior citizens. These entities are consolidated in the consolidated financial statements.

Revenue recognition

Provincial plan revenue without eligibility criteria and stipulations restricting their use are recognized as revenue when the government transfers are authorized.

Government transfers with stipulations restricting their use are recognized as revenue when the transfer is authorized and the eligibility criteria are met by the Authority, except when and to the extent the transfer gives rise to an obligation that constitutes a liability. When the transfer gives rise to an obligation that constitutes a liability, the transfer is recognized in revenue when the liability is settled.

Medical Care Plan ["MCP"], inpatient, outpatient and residential revenues are recognized in the period services are provided.

The Authority is funded by the Department of Health and Community Services [the "Department"] for the total of its operating costs, after deduction of specified revenue and expenses, to the extent of the approved budget. The final amount to be received by the Authority for a particular fiscal year will not be determined until the Department has completed its review of the Authority's consolidated financial statements. Adjustments resulting from the Department's review and final position statement will be considered by the Authority and reflected in the period of assessment. There were no changes from the previous year.

Other revenue includes dietary revenue, shared salaries and services, and rebates and salary recoveries from Workplace, Health, Safety and Compensation Commission of Newfoundland and Labrador [the "Commission"]. Rebates and salary recovery amounts are recorded once the amounts to be recorded are known and confirmed by the Commission.

Expenses

Expenses are recorded on the accrual basis as they are incurred and measurable based on receipt of goods or services and an obligation to pay.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [Cont'd]

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not to be consumed in the normal course of operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver healthcare services, may be consumed in normal operations and are not for resale.

Cash and cash equivalents

Cash includes cash on hand and balances with banks.

Inventory

Inventory is valued at the lower of cost and net realizable value, determined on a first-in, first-out basis.

Tangible capital assets

Tangible capital assets are recorded at historical cost. Certain tangible capital assets, including buildings utilized by the Authority, are not reflected in these consolidated financial statements as legal title is held by the Government of Newfoundland and Labrador [the "Government"]. The Government does not charge the Authority any amounts for the use of such assets. Certain additions and improvements made to such tangible capital assets are paid for by the Authority and are reflected in the consolidated financial statements of the Authority.

Amortization is calculated on a straight-line or declining balance basis at the rates set out below.

It is expected that these rates will charge operations with the total cost of the assets less estimated salvage value over the useful lives of the assets as follows:

Land improvements	10 years
Buildings and improvements	40 years
Equipment	5 – 7 years
Equipment under capital leases	7 – 10 years

Gains and losses on disposal of individual assets are recognized in operations in the period of disposal.

Construction in progress is not amortized until the project is substantially complete at which time the project costs are transferred to the appropriate asset class and amortized accordingly.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [Cont'd]

Impairment of long-lived assets

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Authority's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets is less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Capital and operating leases

A lease that transfers substantially all of the benefits and risks associated with ownership of property is accounted for as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the asset's fair value. Assets acquired under capital leases are amortized on the same basis as other similar capital assets. All other leases are accounted for as operating leases and the payments are expensed as incurred.

Accrued vacation pay

Vacation pay is accrued for all employees as entitlement is earned.

Employee future benefits

Accrued severance

Employees are entitled to severance benefits as stipulated in their conditions of employment. The right to be paid severance pay vests with employees with nine years of continual service with Eastern Health or another public sector employer. Severance is payable when the employee ceases employment with Eastern Health or the public sector employer. The severance benefit obligation has been actuarially determined using assumptions based on management's best estimates of future salary and wage changes, employee age, years of service, the probability of voluntary departure due to resignation or retirement, the discount rate and other factors. Discount rates are based on the Province's long-term borrowing rate. Actuarial gains and losses are deferred and amortized over the average remaining service life of employees.

Accrued sick leave

Employees of Eastern Health are entitled to sick leave benefits that accumulate but do not vest. In accordance with PSA for post-employment benefits and compensated balances, Eastern Health recognizes the liability in the period in which the employee renders service. The obligation is actuarially determined using assumptions based on management's best estimates of the probability of use of accrued sick leave, future salary and wage changes, employee age, the probability of departure, retirement age, the discount rate and other factors. Discount rates are based on the Province's long-term borrowing rate. Actuarial gains and losses are deferred and amortized over the average remaining service life of employees.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [Cont'd]

Pension costs

Employees are members of the Public Service Pension Plan and/or the Government Money Purchase Plan [the "Plans"] administered by the Government. Contributions to the Plans are required from both the employees and Eastern Health. The annual contributions for pensions are recognized as an expense as incurred and amounted to $38,848,645 for the year ended March 31, 2014 [2013 – $40,745,698].

Sinking funds

Sinking funds established for the partial retirement of Eastern Health's sinking fund debenture are held and administered in trust by the Government.

Contributed services

Volunteers contribute a significant amount of their time each year assisting Eastern Health in carrying out its service delivery activities. Due to the difficulty in determining fair value, contributed services are not recognized in these consolidated financial statements.

Financial instruments

Financial instruments are classified in one of the following categories: [i] fair value or [ii] cost or amortized cost. The Authority determines the classification of its financial instruments at initial recognition.

Senior unsecured debentures and other long-term debt are initially recorded at fair value and subsequently measured at amortized cost using the effective interest rate method. Transaction costs related to the issuance of long-term debt are capitalized and amortized over the term of the instrument.

Cash and cash equivalents are classified at fair value. Other financial instruments, including accounts receivable, sinking fund investment, accounts payable and accrued liabilities, due to/from government/other government entities and long-term debt are initially recorded at their fair value and are subsequently measured at amortized cost, net of any provisions for impairment.

Use of estimates

The preparation of consolidated financial statements in conformity with PSA requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Areas requiring the use of management estimates include the assumptions used in the valuation of employee future benefits. Actual results could differ from these estimates.

Eastern Regional Health Authority

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

3. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	2014					
			Past due			
	Total $	Current $	1-30 days $	31-60 days $	61-90 days $	Over 90 days $
Services to patients, residents and clients	**16,523**	**926**	**3,065**	**3,139**	**1,692**	**7,701**
Other	**11,858**	**4,340**	—	—	—	**7,518**
Gross receivables	**28,381**	**5,266**	**3,065**	**3,139**	**1,692**	**15,219**
Less: impairment allowance	**(3,441)**	—	—	—	—	**(3,441)**
Net accounts receivable	**24,940**	**5,266**	**3,065**	**3,139**	**1,692**	**11,778**

	2013					
			Past due			
	Total $	Current $	1-30 days $	31-60 days $	61-90 days $	Over 90 days $
Services to patients, residents and clients	14,570	1,025	2,765	2,878	1,609	6,293
Other	19,634	11,433	—	—	—	8,201
Gross receivables	34,204	12,458	2,765	2,878	1,609	14,494
Less: impairment allowance	2,393	—	—	—	—	2,393
Net accounts receivable	31,811	12,458	2,765	2,878	1,609	12,101

4. DUE FROM GOVERNMENT/OTHER GOVERNMENT ENTITIES

	2014 $	2013 $
Government of Newfoundland and Labrador	**105,249**	60,279
Other government entities	**2,661**	3,319
	107,910	63,598

March 31, 2014
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

5. TANGIBLE CAPITAL ASSETS

	Land and land improvements $	Buildings and improvements $	Equipment $	Equipment under capital leases $	Construction in progress $	Total $
2014						
Cost						
Opening balance	3,204	377,723	460,286	15,445	49,317	905,975
Opening PHL	—	—	3,109	—	—	3,109
Additions (transfers)	—	19,014	18,793	—	(9,928)	27,879
Closing balance	3,204	396,737	482,188	15,445	39,389	936,963
Accumulated amortization						
Opening balance	568	160,650	368,030	15,445	—	544,693
Opening PHL	—	—	2,610	—	—	2,610
Additions	7	20,198	23,129	—	—	43,334
Closing balance	575	180,848	393,769	15,445	—	590,637
Net book value	2,629	215,889	88,419	—	39,389	346,326

	Land and land improvements $	Buildings and improvements $	Equipment $	Equipment under capital leases $	Construction in progress $	Total $
2013						
Cost						
Opening balance	3,204	366,270	441,932	15,445	48,221	875,072
Additions	—	11,453	18,464	—	1,096	31,013
Disposals	—	—	(110)	—	—	(110)
Closing balance	3,204	377,723	460,286	15,445	49,317	905,975
Accumulated amortization						
Opening balance	560	150,722	346,057	14,885	—	512,224
Additions	7	9,928	22,083	560	—	32,578
Disposals	—	—	(110)	—	—	(110)
Closing balance	567	160,650	368,030	15,445	—	544,692
Net book value	2,637	217,073	92,256	—	49,317	361,283

During 2014, the Authority recorded an impairment of certain building and equipment in the amount of $9,995,000 due to conditions indicating that the future economic benefits associated with the underlying assets are less than the net book value. This has been included in amortization expense.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

6. BANK INDEBTEDNESS

The Authority has access to lines of credit totalling $64,000,000 in the form of revolving demand loans and/or bank overdrafts at its financial institution, which was unused as at March 31, 2014 [2013 – $64,000,000]. The Authority's ability to borrow has been approved by the Province's Minister of Health and Community Services.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014 $	2013 $
Accounts payable and accrued liabilities	**66,773**	59,175
Salaries and wages payable	**38,089**	42,435
Employee/employer remittances	**2,225**	4,495
	107,087	106,105

8. DUE TO GOVERNMENT/OTHER GOVERNMENT ENTITIES

	2014 $	2013 $
Federal government	**11,826**	11,007
Government of Newfoundland and Labrador	**7,914**	10,408
Other government entities	**6,048**	5,755
	25,788	27,170

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

9. DEFERRED REVENUE

	2014 $	2013 $
Deferred capital grants [a]		
Balance at beginning of year	**65,984**	50,597
Receipts during the year	**42,085**	45,597
Recognized in revenue during the year	**(27,879)**	(30,210)
Balance at end of year	**80,190**	65,984
Deferred operating revenue [b]		
Balance at beginning of year	**12,910**	7,750
Receipts during the year	**1,252,090**	1,213,312
Recognized in revenue during the year	**(1,244,117)**	(1,208,152)
Balance at end of year	**20,883**	12,910

[a] Deferred capital grants represent transfers from Government and other government entities received with associated stipulations relating to the purchase of capital assets, resulting in a liability. These grants will be recognized as revenue when the related assets are acquired and the liability is settled.

[b] Deferred operating contributions represents externally restricted Government transfers with associated stipulations relating to specific projects or programs, resulting in a liability. These transfers will be recognized as revenue in the period in which the resources are used for the purpose specified.

10. LONG-TERM DEBT

	2014 $	2013 $
Sinking fund debenture, Series HCCI, 6.9%, to mature on June 15, 2040, interest payable semi-annually on June 15 and December 15 [the "Debenture"].	**130,000**	130,000
Royal Bank of Canada (Central Kitchen), 6.06% loan maturing in May 2014, payable in monthly instalments of $101,670.	**208**	1,380
Newfoundland and Labrador Housing Corporation, 2.75% mortgage, maturing in December 2020, repayable in blended monthly instalments of $18,216, secured by land and building with a net book value of $2,411,234.	**1,346**	1,525
Royal Bank of Canada (Veterans Pavilion), 4.18% loan, unsecured, matured in April 2013, payable in blended monthly instalments of $55,670.	—	55

10. LONG-TERM DEBT [Cont'd]

	2014 $	2013 $
Canadian Imperial Bank of Commerce loan, unsecured, bearing interest at prime lending rate less 0.625 basis points, maturing in 2016, repayable in monthly instalments of $21,200 plus interest.	**612**	866
Newfoundland and Labrador Housing Corporation, 10% mortgage, maturing in December 2028, repayable in blended monthly instalments of $8,955, secured by land and building with a net book value of $840,230.	**841**	864
Bank of Montreal, 4.96% term loan, unsecured, amortized to December 2014, repayable in blended monthly instalments of $7,070.	—	67
Newfoundland and Labrador Housing Corporation, 2.40% mortgage, amortized to July 1, 2020, repayable in blended monthly instalments of $1,022, secured by property with a net book value of $51,771.	**72**	82
NLHC (GHHA) 1.67% first mortgage on land, building and equipment, with a net book value of $1,427,919, maturing in April 1, 2017, amortized to April 1, 2019, payable in blended monthly instalments of $12,304.	**720**	854
Royal Bank of Canada, 3.58% promissory note on land, building and equipment with a net book value of $1,427,919, maturing on June 1, 2016, amortized to May 24, 2021, payable in blended monthly instalments of $7,447.	**510**	580
NLHC (NWR) 1.67% first mortgage on land and building, with a net book value of $552,426, with an assignment of rents and leases, maturing on June 1, 2018, amortized to April 1, 2018, payable in blended monthly instalments of $7,472.	**354**	436
NLHC (Lions Manor) 1.67% first mortgage on land and building phase one, with a net book value of $1,069,579, maturing in April 2017, amortized to October 2023, repayable in blended monthly instalments of $6,077.	**645**	707
NLHC (Lions Manor) 1.67% first mortgage on land and building phase two, with a net book value of $1,069,579, maturing in April 2017, amortized to December 2026, repayable in blended monthly instalments of $2,941.	**405**	433

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

10. LONG-TERM DEBT [Cont'd]

	2014 $	2013 $
NLHC (TCRHB) 1.67% first mortgage on land and building, with a net book value of $295,969 maturing in April 2017, amortized to December 2027, repayable in blended monthly instalments of $2,008.	**296**	315
NLHC (Golden Heights Manor) 2.61% first mortgage on land and building with a net book value of $297,216, chattel mortgage on equipment and an assignment of rents, maturing on September 1, 2014, amortized to July 1, 2019, repayable in blended monthly instalments of $5,497.	**328**	385
NLHC (Blue Crest) 1.64% first mortgage on land and building, with a net book value of $548,212, maturing on December 1, 2016, amortized to December 1, 2021, repayable in blended monthly instalments of $3,743.	**327**	366
NLHC (Blue Crest) 2.26% first mortgage on land and building with a net book value of $548,212, maturing on August 1, 2016, amortized to May 1, 2021, repayable in blended monthly instalments of $3,165.	**251**	283
Canada Mortgage and Housing Corporation mortgages on land and buildings with a net book value of $4,619,334 – 8% on Blue Crest Home, repayable in blended monthly instalments of $7,777, maturing in November 2025.	**712**	748
10.5% on Golden Heights Manor, repayable in blended monthly instalments of $7,549, maturing in August 2027.	**660**	681
2.65% on Golden Heights Manor, repayable in blended monthly instalments of $20,482, maturing in June 2023.	**2,017**	2,205
	140,304	142,832

Future principal repayments to maturity are as follows:

	$
2015	1,480
2016	1,298
2017	1,178
2018	1,108
2019	1,059
Thereafter	134,181
	140,304

11. SINKING FUND

A sinking fund investment, established for the partial retirement of the Debenture *[note 10]*, is held in trust by the Government. The balance as at March 31, 2014 included interest earned in the amount of $5,251,000 [2013 – $4,536,000].

The semi-annual interest payments on the Debenture are $4,485,000. The annual principal payment to the sinking fund investment until the maturity of the debenture on June 15, 2040 is $747,500.

The semi-annual interest payments and mandatory annual sinking fund payments on the Debenture are guaranteed by the Government.

12. AGREEMENT WITH NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

Effective June 2, 1997, Newfoundland and Labrador Housing Corporation ["NLHC"] assumed responsibility for agreements previously administered by Canada Mortgage and Housing Corporation.

With respect to the NLHC mortgages disclosed in note 10, the Authority has entered into an agreement for mortgage interest subsidization with NLHC. Under the agreement, the Authority is also required to fund $14,850 annually for capital replacement with the funds, including accrued interest, to be deposited in either Government of Canada Bonds or a separate savings account.

13. CHANGES IN NON-CASH ASSETS AND LIABILITIES RELATED TO OPERATIONS

	2014 **$**	2013 $
Accounts receivable	**6,871**	(9,230)
Supplies inventory	**(140)**	(892)
Prepaid expenses	**(823)**	2,211
Accounts payable and accrued liabilities	**982**	(1,812)
Accrued vacation pay	**320**	(685)
Deferred operating contributions	**7,973**	5,160
Deferred capital grants	**14,206**	15,387
Due from/to government/other government entities	**(45,694)**	4,529
Public Health Laboratory cash flow change	**(117)**	—
	(16,422)	14,668

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

14. TRUST FUNDS

Trusts administered by the Authority have not been included in the consolidated financial statements as they are excluded from the Government reporting entity. As at March 31, 2014, the balance of funds held in trust for residents of long-term care facilities was $4,285,180 [2013 – $3,989,210]. These trust funds consist of a monthly comfort allowance provided to residents who qualify for subsidization of their boarding and lodging fees.

15. CONTINGENCIES

A number of legal claims have been filed against the Authority. An estimate of loss, if any, relative to these matters is not determinable at this time and no provision has been recorded in the accounts for these matters. In the view of management, the Authority's insurance program adequately addresses the risk of loss in these matters.

16. CONTRACTUAL OBLIGATIONS

The Authority has entered into a number of multiple year operating leases, contracts for the delivery of services and the purchase of assets. These contractual obligations will become liabilities in the future when the terms of the contracts are met. The table below relates to the unperformed portion of the contracts:

	2015 $	2016 $	2017 $	2018 $	2019 $	Thereafter $
Future operating lease payments	12,257	11,977	10,912	8,717	7,468	63,597
Managed print services	2,494	2,494	—	—	—	—
Vehicles	277	195	59	17	—	—
	15,028	14,666	10,971	8,734	7,468	63,597

17. ACCRUED SEVERANCE PAY

The Authority provides a severance payment to employees, as stipulated in their conditions of employment, upon retirement, resignation or termination without cause. In 2014, cash payments to retirees for the Authority's unfunded employee future benefits amounted to approximately $7,775,000 [2013 – $7,331,000]. The last actuarial valuation for both the accrued severance pay and accrued sick leave was performed effective March 31, 2012, and an extrapolation of that valuation has been performed to March 31, 2014.

17. ACCRUED SEVERANCE PAY [Cont'd]

The accrued benefit liability and benefits expense of the severance pay are outlined below:

	2014 $	2013 $
Accrued benefit liability, beginning of year	**113,947**	107,102
Public Health Lab	**470**	—
Benefits expense		
Current service cost	**7,700**	7,699
Interest cost	**4,118**	4,130
Other	**(7,619)**	2,346
	118,616	121,277
Benefits paid	**(7,775)**	(7,330)
Accrued benefit liability, end of year	**110,841**	113,947

	2014 $	2013 $
Current year benefit cost	**7,701**	7,700
Amortization of actuarial loss during the year	**1,021**	838
Benefits interest expense	**4,118**	4,131
Total expense recognized for the year	**12,840**	12,669

The significant actuarial assumptions used in measuring the accrued severance pay and benefits expense and liability are as follows:

Discount rate – liability	3.90% as at March 31, 2014 3.60% as at March 31, 2013
Discount rate – benefit expense	3.60% in fiscal 2014 3.85% in fiscal 2013
Rate of compensation increase	0% for 2012, 0% for 2013, 2% for 2014, 3% for 2015, and 3.25% thereafter plus 0.75% for promotions and merit as at March 31, 2014 3.5% plus 0.75% for promotions and merit as at March 31, 2013

18. ACCRUED SICK LEAVE

The Authority provides sick leave to employees as the obligation arises and accrues a liability based on anticipation of sick days accumulating for future use. In 2014, cash payments to employees for the Authority's unfunded sick leave benefits amounted to approximately $8,149,000 [2013 – $7,869,000]. The actuarial valuations for both the accrued severance pay and accrued sick leave were performed effective March 31, 2012, and an extrapolation of that valuation has been performed to March 31, 2014.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

18. ACCRUED SICK LEAVE [Cont'd]

The accrued benefit liability and benefit expense of the sick leave are outlined below:

	2014 $	2013 $
Accrued benefit liability, beginning of year	**63,307**	61,508
Public Health Lab	**130**	—
Benefits expense		
Current service cost	**6,277**	6,417
Interest cost	**2,250**	2,342
Other	**(4,157)**	916
	67,807	71,183
Benefits paid	**(8,153)**	(7,876)
Accrued benefit liability, end of year	**59,654**	63,307

	2014 $	2013 $
Current year benefits cost	**6,277**	6,414
Amortization of actuarial loss during the year	**417**	348
Benefits interest expense	**2,250**	2,341
Total expense recognized for the year	**8,944**	9,103

Significant actuarial assumptions used in measuring the accrued sick leave and benefits expense and liability are as follows:

Discount rate – liability	3.90% as at March 31, 2014 3.60% as at March 31, 2013
Discount rate – benefits expense	3.60% in fiscal 2014 3.85% in fiscal 2013
Rate of compensation increase	0% for 2012, 0% for 2013, 2% for 2014, 3% for 2015, and 3.25% thereafter plus 0.75% for promotions and merit as at March 31, 2014 3.5% plus 0.75% for promotions and merit as at March 31, 2013

19. RELATED PARTY TRANSACTIONS

The Authority had the following transactions with the Government and other government entities:

	2014 $	2013 $
Transfer from the Government of Newfoundland and Labrador	**1,215,089**	1,166,080
Transfers from other government entities	**87,819**	95,591
Transfers to other government entities	**(96,852)**	(89,962)
	1,206,056	1,171,709

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk factors

The Authority is exposed to a number of risks as a result of the financial instruments on its consolidated statement of financial position that can affect its operating performance. These risks include credit risk and liquidity risk. The Authority's Board of Trustees has overall responsibility for the oversight of these risks and reviews the Authority's policies on an ongoing basis to ensure that these risks are appropriately managed. The Authority is not exposed to interest rate risk as the majority of its long-term debt obligations are at fixed rates of interest. The source of risk exposure and how each is managed is outlined below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligation. The Authority's credit risk is primarily attributable to accounts receivable. Eastern Health has a collection policy and monitoring processes intended to mitigate potential credit losses. Management believes that the credit risk with respect to accounts receivable is not material.

Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they become due. The Authority has an authorized credit facility [the "Facility"] of $64,000,000. As at March 31, 2014, the Authority had $64,000,000 in funds available on the Facility [2013 – $64,000,000]. To the extent that the Authority does not believe it has sufficient liquidity to meet current obligations, consideration will be given to obtaining additional funds through third-party funding or from the Province, assuming these can be obtained.

March 31, 2014
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

21. BUDGET

The Authority prepares an initial budget for a fiscal period that is approved by the Board of Trustees and the Government [the "Original Budget"]. The Original Budget may change significantly throughout the year as it is updated to reflect the impact of all known service and program changes approved by the Government. Additional changes to services and programs that are initiated throughout the year would be funded through amendments to the Original Budget and an updated budget is prepared by the Authority. The updated budget amounts are reflected in the unaudited budget amounts as presented in the consolidated statement of operations [the "Budget"].

In addition to the impact of such service and program changes, the Original Budget and Budget prepared by the Authority do not include a budget for the operations of the cottages and hostels, as such amounts are not considered by the Authority to significantly impact decisions or the allocation of resources. Further, the Original Budget and Budget do not include amounts relating to certain non-cash and other items including tangible capital asset amortization, the recognition of provincial capital grants and other capital contributions, adjustments required to the accrued benefit obligations associated with severance and sick leave, and adjustments to accrued vacation pay. The Authority also does not prepare a full budget in respect of changes in net debt as the Authority does not include an amount for tangible capital asset amortization or the acquisition of tangible capital assets in the Original Budget or the Budget.

The following presents a reconciliation of budgeted revenue for the year ended March 31, 2014:

	Revenue $	**Expenditures** $	**Annual surplus** $
Original Budget	1,253,244	1,251,286	1,958
Adjustments during the year for service and program changes, net	46,010	46,010	—
Revised Original Budget	1,299,254	1,297,296	1,958
Stabilization fund approved by Government	27,502	27,502	—
Final Budget	1,326,756	1,324,798	1,958

22. COMPARATIVE FIGURES

Certain comparative figures have been reclassified from statements previously presented to conform to the presentation adopted for the current year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

23. EXPENSES BY OBJECT

This disclosure supports the functional display of expenses provided in the consolidated statement of operations by offering a different perspective of the expenses for the year. The following presents expenses by object, which outlines the major types of expenses incurred by the Authority during the year.

	2014 $	**2013 $**
Salaries	**706,042**	699,434
Supplies - other	**234,587**	225,975
Direct client costs	**128,808**	127,398
Employee benefits	**106,296**	121,108
Supplies – medical and surgical	**62,826**	61,261
Drugs	**49,438**	49,175
Amortization of tangible capital assets	**42,556**	31,813
Maintenance	**22,317**	20,700
Interest on long-term debt	**9,354**	9,469
Cottages and hostels operations	**1,859**	1,802
Total expenses	**1,364,083**	1,348,135

EASTERN SCHOOL DISTRICT

AUDITOR'S REPORT
NON-CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2013

BYRON
SMITH
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

BYRON SMITH
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

YRON D. SMITH, B. Comm., C.F.E., C.A.

Main Office:
P. O. Box 610
100 Conception Bay Highway
Spaniard's Bay, NL
A0A 3X0

Telephone: (709) 786-1232
Toll Free: 1-877-786-1232
Facsimile: (709) 786-1230
E-mail: byron@byronsmithca.com
Website: byronsmithca.com

Branch Office:
46 Powell Drive
Carbonear, NL
A1Y 1A5
Telephone: (709) 596-2211

Simply Accounting
Solution Provider

Business Vision
Authorized Training
and
Support Organization

ASSOCIATION OF CERTIFIED FRAUD EXAMINERS

CA

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Trustees of:
Eastern School District

Report on the Financial Statements

I have audited the accompanying non-consolidated financial statements of the Eastern School District, which is comprised of the statements of financial position as at June 30, 2013, June 30, 2012 and July 1, 2011, and the statements of operations, changes in net debt and cash flows for the years ended June 30, 2013 and June 30, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these non-consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the non-consolidated financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

The accounting policy with respect to teachers' severance pay and sick pay is described in Note 1. Canadian public sector accounting standards require that all accounts receivable should be recorded and disclosed on the financial statements. The liabilities for teachers' severance pay and sick pay has been recorded but no offsetting receivable has been recorded. In this respect, these non-consolidated financial statements are not in accordance with Canadian public sector accounting standards. If the accounts receivable were recorded in accordance with Canadian public sector accounting standards, changes to the amounts reported for accounts receivable, revenue, and excess of expenditures over revenue would be necessary.

Qualified Opinion

In my opinion, except for the effects of the failure to record accounts receivable as described in the preceding paragraph, these non-consolidated financial statements present fairly, in all material respects, the financial position of the Eastern School District as at June 30, 2013 and 2012 and July 1, 2011 and the results of its operations and cash flows for the years ended June 30, 2013 and 2012 in accordance with Canadian public sector accounting standards and are in compliance with reporting requirements established for School Boards in the Province of Newfoundland and Labrador by the Department of Education.

Spaniard's Bay, NL
March 14, 2014

Byron Smith
CHARTERED ACCOUNTANT

Eastern School District
Non-Consolidated - Statement of Financial Position

As at June 30, 2013

	June 30, 2013	June 30, 2012	July 1, 2011
FINANCIAL ASSETS			
Cash (Note 4)	$ 18,915,643	$ 13,778,797	$ 14,366,925
Short-term investments (Note 5)	923,814	889,182	894,425
Accounts receivable (Note 6)	201,303	1,022,465	567,847
Due from government entities (Note 7)	2,485,276	5,232,154	2,883,644
Restricted cash	4,912,061	5,115,405	5,350,000
Teachers' vacation pay receivable (Note 11)	39,587,741	39,490,165	37,641,914
	67,025,838	65,528,168	61,704,755
FINANCIAL LIABILITIES			
Accounts payable and accrued liabilities (Note 10)	7,597,930	6,744,494	6,721,992
Long-term debt (Schedule 8 and 8A)	1,919,112	1,939,937	2,414,650
Obligation under capital lease (Note 13)	286,217	977,912	1,660,106
Accrued vacation pay (Note 11)	42,260,405	42,096,247	40,647,489
Employee future benefits			
Accrued sick pay (Note 12)	55,320,477	55,548,339	55,770,604
Accrued severance pay (Note 12)	71,475,989	67,697,678	62,746,536
Other employee benefits	198,840	265,962	354,299
Deferred revenue (Note 18)	5,926,800	6,107,298	5,334,886
	184,985,770	181,377,867	175,650,562
NET DEBT	(117,959,932)	(115,849,699)	(113,945,807)
NON-FINANCIAL ASSETS			
Prepaid expenses (Note 8)	344,256	324,189	667,815
Capital assets (Schedule 7)	285,900,665	264,801,191	250,316,203
	286,244,921	265,125,380	250,984,018
ACCUMULATED SURPLUS			
Accumulated surplus - restricted (Note 20)	1,370,659	1,370,659	720,659
Accumulated surplus - unrestricted	166,914,330	147,905,022	136,317,552
	$ 168,284,989	$ 149,275,681	$ 137,038,211

Commitments (Note 14)
Contingent Liabilities (Note 17)

On Behalf of the Board:

Chairperson

Treasurer

See accompanying notes to financial statements.

Eastern School District
Non-Consolidated - Statement of Operations

For the Year ended June 30, 2013

	Budget (Note 21)	2013	2012
Revenue			
Provincial government operating grants (Schedule 1)	$ 403,571,662	$ 422,132,807	$ 419,642,775
Ancillary services (Schedule 1)	50,000	320,015	259,682
Miscellaneous (Schedule 1)	505,000	338,977	905,517
Capital transfers from government		35,307,107	24,656,221
	404,126,662	458,098,906	445,464,195
Expenditures			
Administration (Schedule 2)	8,280,470	7,931,335	7,404,587
Instruction (Schedule 3)	334,320,320	352,948,610	349,873,216
Operations and maintenance (Schedule 4)	37,501,048	36,963,917	39,820,617
Pupil transportation (Schedule 5)	23,937,352	23,950,239	23,034,510
Miscellaneous (Schedule 6)		112,104	277,243
Amortization of capital assets (Schedule 7B)		15,282,129	11,029,206
Interest (Schedule 8A)	87,472	35,072	92,828
Special grants expense		1,866,192	1,694,518
	$ 404,126,662	439,089,598	433,226,725
Annual surplus from operations		19,009,308	12,237,470
Transfer to restricted surplus			(650,000)
Annual surplus from operations - unrestricted		$ 19,009,308	$ 11,587,470

Accumulated surplus - unrestricted, beginning of year		$ 147,905,022	$ 136,317,552
Annual surplus from operations - unrestricted		19,009,308	11,587,470
Accumulated surplus - unrestricted, end of year		$ 166,914,330	$ 147,905,022

Accumulated surplus - restricted, beginning of year		$ 1,370,659	$ 720,659
Annual surplus from operations - restricted			650,000
Accumulated surplus - restricted, end of year		$ 1,370,659	$ 1,370,659

See accompanying notes to financial statements.

Eastern School District
Non-Consolidated - Statement of Changes in Net Debt

For the Year Ended June 30, 2013

	June 30, 2013	June 30, 2012
Annual surplus from operations	$ 19,009,308	$ 12,237,470
Changes in tangible capital assets		
Acquisition of tangible capital assets	(36,392,725)	(25,514,194)
Gain on disposal of vehicle	11,122	
Amortization of tangible capital assets	15,282,129	11,029,206
Increase in net book value of tangible capital assets	(21,099,474)	(14,484,988)
Changes in other non-financial assets		
New change in prepaid expenses - increase/decrease	(20,067)	343,626
Increase in net debt	(2,110,233)	(1,903,892)
Net debt, beginning of year	(115,849,699)	(113,945,807)
Net debt, end of year	$ (117,959,932)	$ (115,849,699)

See accompanying notes to financial statements.

Eastern School District
Non-Consolidated - Statement of Cash Flows

For the Year Ended June 30, 2013

	June 30, 2013	June 30, 2012
OPERATING ACTIVITIES		
Excess of revenue over expenditures	$ 19,009,308	$ 12,237,470
Items not affecting cash:		
Amortization of tangible capital assets	15,282,129	11,029,206
Gain on disposal of vehicle	11,122	
Accrued vacation pay	164,158	1,448,758
Accrued sick pay	(227,862)	(222,265)
Accrued severance pay	3,778,311	4,951,142
Other employee benefits liability	(67,122)	(88,337)
Decrease (increase) in short term investments	(34,632)	5,243
Decrease (increase) accounts receivable	3,470,464	(4,651,379)
Decrease (increase) in prepaid expenses	(20,067)	343,626
Increase in accounts payable and accrued liabilities	672,938	794,910
	42,038,747	25,848,374
INVESTING ACTIVITIES		
Capital expenditures - net	(36,392,725)	(25,514,193)
FINANCING ACTIVITIES		
Proceeds from obligation under capital lease	82,750	158,056
Repayment of obligation under capital lease	(774,445)	(840,250)
Proceeds from long-term borrowings	457,044	464,500
Repayment of long-term debt	(477,869)	(939,212)
	(712,520)	(1,156,906)
Change in cash resources	4,933,502	(822,725)
Cash, beginning of the year	18,894,202	19,716,927
Cash, end of the year	$ 23,827,704	$ 18,894,202
Consist of:		
Cash	$ 18,915,643	$ 13,778,797
Cash - restricted	4,912,061	5,115,405
	$ 23,827,704	$ 18,894,202
Supplementary disclosure of cash flow information:		
Interest paid	$ 35,072	$ 92,828
Interest paid - bussing loans	64,746	64,013
	$ 99,818	$ 156,841

See accompanying notes to financial statements.

Nature of Operations

The Eastern School District [the "District"] is responsible for the operations and maintenance of all schools in the Eastern portion of the Province of Newfoundland and Labrador. The District was formed August 31, 2004 after the Government of Newfoundland and Labrador [the "Province"] dissolved four previous boards known as Vista School District, Burin School District, Avalon West School District, and Avalon East School District.

1. Significant Accounting Policies

Except for the fact that these statements are non-consolidated, these non-consolidated financial statements are prepared in accordance with Canadian public sector accounting standards, which for purposes of the District's financial statements are represented by accounting recommendations of the Public Sector Accounting Board ["PSAB"] of the CPA Canada, supplemented by other CPA Canada accounting standards or pronouncements.

These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of accounting policies summarized below:

Basis of Presentation

These non-consolidated financial statements reflect the assets, liabilities, revenue and expenditures of the District. These non-consolidated financial statements have not been consolidated with those of other organizations controlled by the District.

The District currently exercises control over corporations known as the Eastern Education Foundation Inc. and Newfoundland International Student Exchange Program Inc ["NISEP"].

The net assets of the Eastern Education Foundation Inc. as at December 31, 2012 were $ 259,328 in accordance with the financial statements compiled by the corporation. The net assets of NISEP as at June 30, 2013 are recorded in Note 10 of these financial statements. Net funds generated from this corporation are to be used for specific purposes and will be recognized as revenue in the District's financial statements when approved by the NISEP Management Committee. The NISEP Board has received a directive from the Province to wind up operations.

These financial statements do not include school based financial activities which would consist of revenues, expenses and net assets controlled by school administration.

Revenue

The District's main source of funding is derived from the Government of Newfoundland and Labrador, Department of Education [the "Department"]. The Department provides funding for operations, transportation, capital expenditures and teacher salaries and severance pay. Funding is included in revenue on the accrual basis and when the related expenditures have been incurred with the exception of funding for the teacher severance pay which is recorded when the severance is paid to employees. Funding designated for specific purposes, for which criteria has not been met, is deferred and included in revenue when all eligibility criteria have been met.

Restricted Surplus

The District received funding from the Province and external sources which has been restricted for specific purposes in the future. Restricted funds have been recorded as revenue and transferred to restricted surplus for the designated purpose.

1. Significant Accounting Policies (Cont'd)

Tangible Capital Assets

Tangible capital assets assumed by the District on August 31, 2004, as a result of legislation passed pursuant to the *Schools Act, 1997* and the *Education Act*, were recorded based on the carrying values shown on the audited financial statements of the predecessor entities.

Tangible capital assets are amortized using the straightline basis over their estimated useful lives, using the following rates:

Buildings	25-60 years
Furniture and equipment	10 years
Service vehicles	5 years
Buses	12 years
Miscellaneous	5 years

Consistent with government policy, the District capitalizes items purchased during the year that are in the excess of $15,000.

Teachers' and Student Assistants' Payroll

The Department processes the payrolls and remits the source deductions directly to the appropriate agencies. The amounts recorded in the financial statements represent gross salaries and employee benefits as reported by the Department for the year.

Pension Costs

All permanent employees of the District are covered by pension plans administered by the Province. Contributions to these plans are required from both the employee and the District. Post retirement obligations to employees are the responsibility of the Province and, as such, the employer contributions for pensions are recognized in the accounts on a current basis.

Employee Future Benefits

The District's employee future benefits include accrued severance, accrued sick leave and other employee benefits.

(i) accrued severance

Consistent with government policy, the District has in effect severance pay policies whereby certain employees are entitled to a severance payment upon leaving employment with the District. Under these policies, an employee who has nine (9) or more years of continuous service in the employment of the District or other public sector employer is entitled to be paid severance on resignation, retirement, termination by reasons of disability, expiry of recall rights or, in the event of death, to the employee's estate. The severance benefit obligation has been actuarially determined using assumptions based on management's best estimate of future salary changes and other factors. Discount rates are based on the Province's long-term borrowing rate.

Pursuant to a directive issued by the Department during fiscal 1998, the District recorded a severance pay liability for teachers in the District. The *Schools Act, 1997* specifies that salaries and other compensation for teachers are the responsibility of the Department. The District received written approval from the Minister of Education for the deficit arising from the Department's requirement to record accrued teachers' severance. For employees other than teachers, the District has set aside specific funds to assist with the severance liability in a separate bank account for this purpose.

(ii) accrued sick leave

The District provides certain employees with sick leave benefits that accumulate but do not vest. The benefits provided to employees vary based upon classification within the various negotiated agreements. An actuarially determined accrued liability has been recorded on the statements for non-vesting sick leave benefits. The cost of non-vesting sick leave benefits are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, long term inflation rates and discount rates.

(iii) other employee benefits

The District has recorded the obligation to pay certain employees at the termination of their employment for unused sick leave accumulated prior to January 1, 1985. As these benefits no longer accumulate or vest as of 1985 they are outside of the scope of PS 3255, *Post-employment benefits, compensated absences and termination benefits*, and are not actuarially determined at the end of each period.

Use of Accounting Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting periods. Actual results could differ from those estimates.

Long-Lived Assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable.

2. First-Time Adoption of Canadian Public Sector Accounting Standards

These non-consolidated financial statements are the first financial statements which the District has prepared in accordance with the Public Sector Handbook, which constitutes generally accepted accounting principles as recommended by the PSAB ["GAAP"]. In preparing its opening balance sheet as at July 1, 2011 [the "Transition Date"], the District has applied Section 2125, *First-time Adoption by Government Organizations*.

The accounting policies that the District has used in the preparation of its opening statement of financial position have resulted in certain adjustments to balances which presented in the statement of operations for the year ended June 30, 2012 and the statement of financial position as of July 1, 2011 as prepared in accordance with Part V of the CICA Handbook - Accounting ["Previous GAAP"]. These adjustments were recorded directly to the District's accumulated deficit at the Transition Date using the transitional provisions set out in PS 2125. The significant impacts on the statement of operations and statement of financial position included:

(i) reclassification of government transfers

Under Previous GAAP, government transfers received and used for the purchase of capital assets were deferred and amortized to operations at the same rate the related assets were amortized. Under Section PS 3410, *Government Transfers*, funds received from the government and used for the purchase of capital assets are recognized as revenue when no stipulations exist and the related liability has been settled. As a result, the District removed balance of investment in capital assets at the July 1, 2011 transition date ($250,987,083) which resulted in a decrease in the accumulated deficit.

(ii) adjustments to severance and sick leave accrual based upon actuarial valuation

Certain employees of the District are entitled to a number of days of sick leave per fiscal year. Earned but unused sick leave is accrued and deferred. Under Previous GAAP, the District was not required to recognize a liability in respect of sick leave to the extent that the incapacity to work arising from injury or illness had not occurred. Under Section PS 3255, *Post-employment Benefits, Compensated Absences and Termination Benefits*, sick pay benefits that accumulate but not vest are considered obligations. As a result, the District recorded an employee future benefit liability related to sick leave, which resulted in an increase in the accumulated deficit at the transition date and an increase to the related expense in the statement of operations for 2012 and 2013.

Under Previous GAAP, the District recognized accrued severance pay, calculated based upon years of service and current levels. Under Section PS 3250, *Retirement Benefits*, the accrued severance pay would be classified as a retirement benefit and would follow the accrued benefit method, which is used to attribute the cost of the retirement benefit to the period of employee service through an actuarial valuation. As a result, the District recorded a change to the value of the accrued severance pay, which decreased the accumulated deficit at the transition date.

(iii) reclassifications relating to financial statement presentation adopted under PSA Standards

Under Previous GAAP, the District presented a current portion of capital leases and long-term debt on the statement of financial position. Under GAAP, current assets and liabilities are not presented separately. As a result, the current portion classification was removed upon the transition date and the total associated obligations are presented within one line on the statement of financial position.

Under Previous GAAP, the District presented amounts due from and to government and other government entities within the respective accounts receivable and accounts payable balances on the statement of financial position. Section PS 1200, *Financial Statement Presentation*, suggests that amounts due from and to government and other government entities should be presented separately on the statement of financial position. As a result, the District has reclassified these amounts and presented them separately.

(iv) reconciliation of previously reported accumulated surplus (deficit) and annual surplus (deficit):

	Annual surplus (deficit) for the year ended June 30, 2012	Accumulated surplus(deficit) as at June 30, 2012	Accumulated surplus(deficit) as at July 1, 2011
Balance as originally reported - Previous GAAP		$ (69,196,456)	$ (64,964,351)
Reclassify investments in capital assets		266,630,667	250,987,083
Accumulated unrestricted surplus		197,434,211	186,022,732
Adjustments on transition - July 1, 2011			
Employee future benefits (severance)		6,650,027	6,650,027
Employee future benefits (sick)		(55,770,604)	(55,770,604)
Vacation pay - executive staff		(584,603)	(584,603)
Total adjustment on transition - July 1, 2011		(49,705,180)	(49,705,180)
Balance as originally reported - Previous GAAP	$ (3,582,105)		
Adjustments on comparative year - June 30, 2012:			
Reclassify transfer to capital	(9,403,122)		
Reclassify capital grants to revenue	24,656,222		
Employee future benefits (severance)	(196,094)	(196,094)	
Employee future benefits (sick)	222,265	222,265	
Vacation pay - executive staff	149,820	149,820	
Principal payments on long term debt	390,484		
Transfer to restricted surplus	(650,000)		
Total adjustment on comparative year - June 30, 2012	15,169,575	175,991	
Balance as restated - GAAP	$ 11,587,470	$ 147,905,022	$ 136,317,552

3. Bond Coverage

At balance sheet date, the Insurance Division of Treasury Board carried fidelity bond coverage covering District employees in the amount of $300,000 per occurrence.

4. Cash

	June 30, 2013	June 30, 2012	July 1, 2011
112 Current bank account	$ 18,869,680	$ 13,719,149	$ 14,339,631
114 Teachers' payroll bank account	43,556	56,300	23,739
117 Other	2,407	3,348	3,555
	$ 18,915,643	$ 13,778,797	$ 14,366,925

5. Short-term Investments

	June 30, 2013	June 30, 2012	July 1, 2011
121 Term deposits - restricted	$ 789,090	$ 793,383	$ 758,620
122 Marketable securities	134,724	95,799	135,805
	$ 923,814	$ 889,182	$ 894,425

Term deposits relate to funds specifically allocated for educational purposes within the Province of Newfoundland and Labrador. These amounts are not intended for general operations of the District.

6. Accounts Receivable

	June 30, 2013	June 30, 2012	July 1, 2011
138 Interest	$ 22,189	$ 22,134	$ 20,766
139 Miscellaneous, travel advances and other	179,114	1,000,331	547,081
	$ 201,303	$ 1,022,465	$ 567,847

7. Due from Government Entities

	June 30, 2013	June 30, 2012	July 1, 2011
231 Government of Newfoundland and Labrador	$ 2,006,354	$ 4,291,649	$ 2,423,962
232 Federal Government	478,922	940,505	459,682
	$ 2,485,276	$ 5,232,154	$ 2,883,644

8. Prepaid Expenses

	June 30, 2013	June 30, 2012	July 1, 2011
141 Insurance	$ 15,688	$ 15,532	$ 13,933
142 Municipal service fees	238,359	219,575	225,892
144 Other	90,209	89,082	427,990
	$ 344,256	$ 324,189	$ 667,815

9. Bank Indebtedness

The District had an authorized operating demand loan of $4,000,000, bearing interest at Royal Bank prime less 0.65% which was unused as at June 30, 2013 and June 30, 2012. In accordance with the *Schools Act, 1997*, the operating demand loan was supported by a letter of approval to borrow provided by the Minister of Education.

10. Accounts Payable and Accrued Liabilities

	June 30, 2013	June 30, 2012	July 1, 2011
21 111 Trade payables	$ 4,213,919	$ 3,332,143	$ 4,076,571
112 Accrued liabilities	594,096	780,644	387,947
114 Wages	1,051,762	919,103	591,526
115 Payroll deductions	172,485	199,017	191,936
118 Other			
Eastern School District Trust Fund	640,939	638,283	599,227
Scholarship funds	121,621	130,476	142,332
N.I.S.E.P. due to a related corporation	803,108	744,828	732,453
	$ 7,597,930	$ 6,744,494	$ 6,721,992

11. Accrued Vacation Pay

Pursuant to a directive issued by the Department during the fiscal year 2006, the District recorded the vacation pay liability for teachers in the District. The liability relates to teachers' salaries earned during the school year but not fully paid to teachers until subsequent to June 30. Accordingly, the District has recorded teachers' vacation pay receivable of $ 39,587,741 at June 30, 2013, (2012 - $ 39,490,165).

	June 30, 2013	June 30, 2012	July 1, 2011
Vacation pay - teachers	$ 39,587,741	$ 39,490,165	$ 37,641,914
Vacation pay - executive staff	466,536	434,783	584,603
Vacation pay - board employees	2,206,128	2,171,299	2,420,972
Total Accrued Vacation Pay	$ 42,260,405	$ 42,096,247	$ 40,647,489

12. Employee Future Benefits

The actuarial valuation date for sick leave and severance accrual was June 30, 2012 and has been extrapolated for June 30, 2013 and July 1, 2011. PS 3255 implies that benefit obligations that are not funded in advance should be valued using a rate referencing government's cost of borrowing. As the Sick Leave and Severance are not funded in advance, the discount rate selected by Management is equal to the Provincial long term borrowing rate. This rate was 3.91% as at June 30, 2013, 3.40% as at June 30, 2012, and 4.30% as at June 30, 2011.

The total employee future benefits liability, as recorded on the Statement of Financial Position, is equal to the total accrued benefit obligation plus or minus any unamortized gains or loses at the end of the period. A reconciliation of the accrued liability to the accrued benefit obligation for both sick leave and severance is provided below for disclosure purposes.

ACCRUED SEVERANCE	June 30, 2013	June 30, 2012
Severance Pay (Teachers)		
Accrued benefit liability, beginning of year	$ 62,685,128	$ 57,725,107
Benefits expense	7,842,375	7,004,307
Benefits paid	(4,108,946)	(2,044,284)
Accrued benefit liability (Teachers), end of year	66,418,559	62,685,128
Severance Pay (Board Employees)		
Accrued benefit liability, beginning of year	5,012,550	5,021,429
Benefits expense	570,540	530,542
Benefits paid	(525,660)	(539,421)
Accrued benefit liability (Board Employees), end of year	5,057,430	5,012,550
Total Accrued Severance Pay Liability, end of year	**71,475,989**	**67,697,678**
Unamortized portion of actuarial loss	1,665,041	5,154,967
Total Accrued Severance Obligation	**$ 73,141,030**	**$ 72,852,645**

Reconciliation of Accrued Benefit Obligation from June 30 2011, to June 30, 2012

	Board Employees	Teachers	Total
Accrued benefit obligation as at June 30, 2011	**$ 5,021,429**	**$ 57,725,107**	**$ 62,746,536**
Current period benefit cost	319,352	4,469,975	4,789,327
Benefits payments/contributions	(539,421)	(2,044,284)	(2,583,705)
Interest on the accrued benefit obligation	211,190	2,534,332	2,745,522
Actuarial (gains)/losses	291,168	4,863,797	5,154,965
Accrued benefit obligation as at June 30, 2012	**$ 5,303,718**	**$ 67,548,927**	**$ 72,852,645**

Reconciliation of Accrued Benefit Obligation from June 30, 2012 to June 30, 2013

	Board Employees	Teachers	Total
Accrued benefit obligation as at June 30, 2012	**$ 5,303,718**	**$ 67,548,927**	**$ 72,852,645**
Current period benefit cost	363,847	5,153,179	5,517,026
Benefits payments/contributions	(525,660)	(4,108,946)	(4,634,606)
Interest on the accrued benefit obligation	177,576	2,314,416	2,491,992
Actuarial (gains)/losses	(169,581)	(2,916,446)	(3,086,027)
Accrued benefit obligation as at June 30, 2013	**$ 5,149,900**	**$ 67,991,130**	**$ 73,141,030**

ACCRUED SICK LEAVE

Sick Leave (Teachers)		
Accrued benefit liability, beginning of year	$ 53,032,844	$ 53,254,986
Benefit expense	6,016,979	5,832,781
Benefits paid	(6,251,709)	(6,054,923)
Accrued benefit liability (Teachers), end of year	52,798,114	53,032,844
Sick Leave (Board Employees)		
Accrued benefits liability, beginning of year	2,515,495	2,515,618
Benefit expense	395,655	376,426
Benefits paid	(388,787)	(376,549)
Accrued benefit liability (Board Employees), end of year	2,522,363	2,515,495
Total Accrued Sick Leave Liability, end of year	55,320,477	55,548,339
Unamortized portion of actuarial loss	1,050,590	2,834,054
Total Accrued Sick Leave Obligation	$ 56,371,067	$ 58,382,393

Reconciliation of Accrued Benefit Obligation from June 30 2011, to June 30, 2012

	Board Employees	Teachers	Total
Accrued benefit liability as at June 30, 2011	$ 2,515,618	$ 53,254,986	$ 55,770,604
Current period benefit cost	270,534	3,595,690	3,866,224
Benefits payments/contributions	(376,549)	(6,054,923)	(6,431,472)
Interest on the accrued benefit obligation	105,892	2,237,091	2,342,983
Actuarial (gains)/losses	115,361	2,718,693	2,834,054
Accrued benefit obligation as at June 30, 2012	$ 2,630,856	$ 55,751,537	$ 58,382,393

Reconciliation of Accrued Benefit Obligation from June 30, 2012 to June 30, 2013

	Board Employees	Teachers	Total
Accrued benefit liability as at June 30, 2012	$ 2,630,856	$ 55,751,537	$ 58,382,393
Current period benefit cost	296,243	3,950,841	4,247,084
Benefits payments/contributions	(388,787)	(6,251,709)	(6,640,496)
Interest on the accrued benefit obligation	87,876	1,856,438	1,944,314
Actuarial (gains)/losses	(66,210)	(1,496,018)	(1,562,228)
Accrued benefit obligation as at June 30, 2013	$ 2,559,978	$ 53,811,089	$ 56,371,067

13. Obligation Under Capital Leases

The District has entered into capital leases with the Royal Bank of Canada for various copiers and laptops. The principal balance outstanding as at June 30, 2013 was $286,217 with a purchase option of $1. Interest has been imputed at various rates for these leases. Total interest paid on these leases for the year was $15,651 (2012 - $19,849).

Future minimum payments under these capital leases is as follows for the year ending in:

	2014	$ 103,365
	2015	76,267
	2016	76,719
	2017	48,639
Total future minimum lease payments		304,990
Less: amount representing interest		18,773
		$ 286,217

14. Lease Commitments

The District has entered a new three year premises lease effective June 1, 2013 for the following annual amounts, before HST: year 1 - $1,044,207, year 2 - $1,044,207 and year 3 - $1,044,207.

Furthermore, the District is committed under the terms of various operating leases to make payments in the next four years approximately as follows:

2013	$94,311
2014	$69,587
2015	$69,587
2016	$47,532

15. Financial Instruments

The District's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable, employee benefits payable and long term obligations. It is management's opinion that the District is not exposed to significant interest rate risk, currency or credit risks arising from these financial statements.

The carrying value of the Districts financial instruments, with the exception of long-term receivables, approximate fair values due to the short-term maturity and normal credit terms of those instruments. The long-term receivables balance does not approximate fair value as it is non-interest bearing.

16. Insurance Subsidy

The cost of insuring school properties is incurred by the Province and no amount has been recorded in these accounts to reflect this cost.

17. Contingent Liabilities

Site restoration and remediation costs associated with school properties under the District are charged to operations as incurred. Estimated future site restoration and remediation costs have not been accrued in these financial statements since the obligation, if any, is presently not determinable. Such costs are normally funded by the Province.

18. Deferred Revenue

Deferred revenue represents funding designated for specific purposes for which the revenue recognition criteria has not been met. The funding is deferred and included in revenue when all eligibility criteria have been met. Deferred revenue is comprised of the following:

	June 30, 2013	June 30, 2012	July 1, 2011
Operations and maintenance	$ 1,174,676	$ 1,523,133	$ 983,410
Instruction	3,943,805	3,950,846	3,948,157
Administration	808,319	633,319	403,319
	$ 5,926,800	$ 6,107,298	$ 5,334,886

19. Accumulated Surplus

The District has an annual Surplus of $19,009,308 for the year ending June 30, 2013, which consist of the following:

	2013	2012
Annual surplus from operations - unrestricted	$ 19,009,308	$ 11,587,470
Add: expenditures not funded through operating grant		
Amortization	15,282,129	11,029,206
Change in employee future benefits accrual	3,550,448	4,728,877
Less: non expenditure items funded through operating grant		
principal payments on long-term debt and leases	(1,252,314)	(1,779,462)
capital asset additions	(545,824)	(235,419)
Less: capital transfers from government	(35,307,107)	(24,656,221)
Adjusted annual surplus from operating grant	$ 736,640	$ 674,451

20. Restricted Surplus

In previous years, the Board of Trustees approved transfers totaling $1,370,659 to restricted equity for specified capital purposes.

21. Budget

The unaudited budget data presented in these non-consolidated financial statements is based upon the 2012-13 budget approved by the Board of Trustees. Capitalization of assets, amortization and accrued severance and sick leave are not reflected in the budgeted amounts. The chart below adjusts the approved budget to reflect the same basis of accounting.

Original budgeted revenues	$ 404,126,662
Add: capital transfers from government	35,307,107
Revised budgeted revenues	439,433,769
Original budgeted expenditures	404,126,662
Add: amortization of tangible capital assets	15,282,129
Add: change in in employee future benefits accrual	3,550,448
Revised budgeted expenditures	422,959,239
Original annual surplus (deficit)	
Revised annual surplus (deficit)	$ 16,474,530

22. Subsequent Events

Subsequent to June 30, 2013, the District was amalgamated with the Western, Nova Central and Labrador School Districts to form the Newfoundland and Labrador English School District. Effective September 1, 2013, the four Districts were combined and now operate as one school district.

23. Comparative Figures

Certain of the 2012 amounts have been reclassified to conform with the financial statement presentation adopted for 2013.

Eastern School District
Schedule 1
Current Revenues

For the Year Ended June 30, 2013

	Budget	June 30, 2013	June 30, 2012
32 010 Provincial government grants			
011 Regular operating grants	$ 57,464,600	$ 57,023,559	$ 56,733,576
016 Special grants		1,859,707	1,658,674
017 Directors, assistant directors and senior education officers salaries and benefits	3,667,064	3,474,292	3,082,767
021 Teachers salaries and benefits	311,540,197	325,685,680	321,478,104
023 Student assistants salaries and benefits	7,239,450	9,170,793	8,994,326
031 Board owned pupil transportation	3,572,900	3,507,068	3,648,360
032 Contracted pupil transportation	17,258,891	17,167,579	16,924,839
033 Special needs pupil transportation	2,828,560	3,141,016	2,758,564
035 Maintenance grants		1,103,113	4,363,565
	403,571,662	422,132,807	419,642,775
34 010 Ancillary Services			
012 Revenues from bus charters		28,124	30,220
021 Revenues from rental of schools and facilities	50,000	141,469	88,902
034 Summer and night school fees		150,422	140,560
	50,000	320,015	259,682
35 010 Miscellaneous			
011 Interest on investments and bank	75,000	309,453	235,784
092 Sundry revenue	430,000	29,524	19,733
093 Gain on sale of property			650,000
	505,000	338,977	905,517
Total Current Revenues	$ 404,126,662	$ 422,791,799	$ 420,807,974

Eastern School District
Schedule 2
Administration Expenditures

For the Year Ended June 30, 2013

	Budget	June 30, 2013	June 30, 2012
51 011 Directors, assistant directors and senior education officers salaries and benefits	$ 3,667,064	$ 3,506,045	$ 2,932,947
012 Board office personnel salaries and benefits	2,620,306	2,622,322	2,705,106
013 Office supplies	118,000	79,882	94,143
014 Replacement furniture and equipment	93,500	29,817	86,226
015 Postage	65,000	32,367	37,710
016 Telephone	145,000	114,499	102,725
017 Office equipment rentals and repairs	26,000	10,012	10,007
018 Bank charges		1,892	559
019 Electricity	85,000	85,873	81,330
023 Repairs and maintenance	7,000	5,005	5,062
024 Travel	73,050	38,040	56,990
025 Board meeting expenses	140,000	178,122	159,952
027 Professional fees	247,000	257,372	166,271
028 Advertising and public relations	70,000	29,660	55,105
029 Membership dues	140,000	111,911	144,400
031 Municipal service fees	8,500	4,286	6,099
032 Rental of office space	773,704	808,533	752,077
034 Professional development and meetings	1,346	15,697	7,878
Total Administration Expenditures	$ 8,280,470	$ 7,931,335	$ 7,404,587

Eastern School District
Schedule 3
Instruction Expenditures

For the Year Ended June 30, 2013

	Budget	June 30, 2013	June 30, 2012
52 010 **Instructional Salaries**			
011 Regular teachers	$ 255,912,292	$ 266,694,273	$ 270,306,091
012 Substitute teachers	11,717,352	14,071,846	13,748,931
013 Salaries and benefits - board employees	747,602	679,514	671,285
015 Employee benefits - teachers	43,910,553	44,912,689	37,419,247
016 Salaries and benefits - school secretaries	5,815,068	5,515,583	5,515,246
Salaries and benefits - IT staff	1,607,033	1,442,842	1,342,512
Salaries and benefits - program assistants	62,511	55,321	74,101
Salaries and benefits - student assistants	7,239,450	9,170,793	8,994,326
Change in employee futures benefits accrual		3,550,448	4,728,877
	327,011,861	346,093,309	342,800,616
52 040 **Instructional Materials**			
041 General supplies	6,572,000	5,897,265	6,053,313
043 Other		95,802	81,415
	6,572,000	5,993,067	6,134,728
52 060 **Instructional Furniture and Equipment**			
061 Replacement	43,000	41,555	169,249
52 080 **Instructional Staff Travel**			
080 IT travel	75,000	71,126	75,126
081 Program co-coordinators	464,100	476,369	509,506
082 Teachers' travel	15,000	35,620	23,358
083 Inservice and conferences	66,059	196,369	112,833
	620,159	779,484	720,823
52 090 **Other Instructional Costs**			
091 Postage and stationary	73,300	41,195	47,800
Total Instruction Expenditures	$ 334,320,320	$ 352,948,610	$ 349,873,216

Eastern School District
Schedule 4
Operations and Maintenance Expenditures

For the Year Ended June 30, 2013

	Budget	June 30, 2013	June 30, 2012
53 011 Salaries and benefits - janitorial	$ 14,844,408	$ 14,743,012	$ 14,787,712
012 Salaries and benefits - maintenance	3,531,270	3,336,536	3,445,225
014 Electricity	7,265,745	7,363,532	7,002,231
015 Fuel	2,216,574	1,812,186	2,110,937
016 Municipal service fee	1,287,560	1,384,155	1,157,625
017 Telephone	1,695,462	1,184,956	1,536,613
018 Vehicle operating and travel	381,868	447,204	518,202
019 Janitorial supplies	730,000	762,001	739,825
021 Janitorial equipment	70,000	53,790	55,956
022 Repairs and maintenance - Fund 1	2,842,287	2,740,699	2,212,841
023 Repairs and maintenance - Fund 2		1,179,614	4,392,424
024 Equipment maintenance	20,000	39,425	20,921
025 Snow clearing	1,930,932	1,916,807	1,840,105
Principal payments on energy leases	684,942		
Total Operations and Maintenance	**$ 37,501,048**	**$ 36,963,917**	**$ 39,820,617**

Eastern School District
Schedule 5
Pupil Transportation Expenditures

For the Year Ended June 30, 2013

	Budget	June 30, 2013	June 30, 2012
54 010 Operation and Maintenance of Board Owned Fleet			
011 Salaries and benefits - administration	$ 151,915	$ 151,923	$ 143,606
012 Salaries and benefits - drivers and mechanics	1,878,885	1,818,879	1,877,776
013 Payroll tax		32,060	32,739
014 Debt repayment- interest	74,000	64,746	64,013
015 Principal payments on bus loans	290,400		
017 Gas and oil	530,000	458,171	473,156
018 Licenses	29,200	29,636	30,291
019 Insurance	34,900	38,253	43,365
021 Repairs and maintenance - Fleet	289,800	289,502	356,670
022 Building	22,000	30,235	36,514
023 Tires and tubes	65,600	58,261	42,170
024 Heat and light	19,000	18,695	18,811
025 Municipal Service	1,300		
026 Snow clearing	22,700	18,305	3,329
027 Office supplies	10,200	6,841	8,790
028 Rent			31,214
029 Travel	12,000	10,035	14,594
031 Professional fees	4,000		
032 Miscellaneous	95,000	99,103	47,532
033 Telephone	42,000	46,782	41,991
	3,572,900	3,171,427	3,266,561
54 040 Contracted Services			
041 Regular transportation	17,176,391	17,079,813	16,837,352
042 Handicapped	2,828,560	3,141,016	2,758,564
047 Salaries	260,501	233,558	94,687
048 Travel	4,000	8,306	5,108
049 Non funded misc		150,000	164
050 Non funded equipment and expenses	45,000	127,252	1,969
051 Professional fees	50,000	38,867	70,105
Total Pupil Transportation Expenditures	$ 23,937,352	$ 23,950,239	$ 23,034,510

Eastern School District
Schedule 6
Miscellaneous Expenses

For the Year Ended June 30, 2013

	June 30, 2013	June 30, 2012
55 032 Summer school and night school fees	$ 150,421	$ 150,775
57 011 Bad debt expense (recovery)	(38,317)	126,468
Total Miscellaneous Expenditures	$ 112,104	$ 277,243

BYRON SMITH
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

Eastern School District
Schedule 7
Capital Assets

For the Year Ended June 30, 2013

	Cost June 30, 2013	Accumulated Amortization 2013	NBV June 30, 2013	NBV June 30, 2012
12 210 **Land and Sites**	$ 10,125,077		$ 10,125,077	$ 10,125,077
12 220 **Buildings**				
221 Schools	447,684,234	$ 178,341,655	269,342,579	247,905,617
222 Administration	5,620,567	2,320,893	3,299,674	3,358,444
223 Residential	10,000	1,600	8,400	8,600
225 Other	452,854	424,593	28,261	31,389
	453,767,655	181,088,741	272,678,914	251,304,050
12 230 **Furniture and Equip.**				
231 Schools	32,339,469	31,244,438	1,095,031	1,330,305
232 Administration	3,173,731	3,173,731		
233 Residential	850	850		
235 Other	27,648	27,648		
	35,541,698	34,446,667	1,095,031	1,330,305
12 240 **Vehicles**				
241 Service vehicles	1,143,789	833,713	310,076	454,628
12 250 **Pupil Transportation**				
252 Building	152,886	29,616	123,270	124,328
253 Buses	5,727,879	4,180,959	1,546,920	1,433,031
254 Service vehicles	59,383	59,383		7,423
	5,940,148	4,269,958	1,670,190	1,564,782
12 260 **Misc. Capital Assets**				
Computers	894,464	894,464		
Tools	18,162	18,162		
Water lines	29,151	7,774	21,377	22,349
	941,777	6,754,703	21,377	22,349
Subtotal	507,460,144	221,559,479	285,900,665	264,801,191
Energy retrofit	5,834,303	5,834,303		
Total Capital Assets	$ 513,294,447	$ 227,393,782	$ 285,900,665	$ 264,801,191

Eastern School District
Schedule 7A
Details of Capital Assets - Additions and Disposals

For the Year Ended June 30, 2013

	Cost June 30, 2012	Additions 2013	Disposals 2013	Cost June 30, 2013
12 210 **Land and Sites**	$ 10,125,077			$ 10,125,077
12 220 **Buildings**				
221 Schools	411,945,525	$ 35,738,709		447,684,234
222 Administration	5,590,942	29,625		5,620,567
223 Residential	10,000			10,000
225 Other	452,854			452,854
	417,999,321	35,768,334		453,767,655
12 230 **Furniture and Equip.**				
231 Schools	32,185,483	153,986		32,339,469
232 Administration	3,173,731			3,173,731
233 Residential	850			850
235 Other	27,648			27,648
	35,387,712	153,986		35,541,698
12 240 **Vehicles**				
241 Service vehicles	1,144,482	27,113	$ 27,806	1,143,789
12 250 **Pupil Transportation**				
252 Building	152,886			152,886
253 Buses	5,284,587	443,292		5,727,879
254 Service vehicles	59,383			59,383
	5,496,856	443,292		5,940,148
12 260 **Misc. Capital Assets**				
Computers	894,464			894,464
Tools	18,162			18,162
Water lines	29,151			29,151
	941,777			941,777
Subtotal	471,095,225	36,392,725	27,806	507,460,144
Energy retrofit	5,834,303			5,834,303
Total Capital Assets	$ 476,929,528	$ 36,392,725	$ 27,806	$ 513,294,447

Eastern School District
Schedule 7B
Details of Capital Assets - Amortization

For the Year Ended June 30, 2013

	Accumulated Amortization 2012	Amortization 2013	Amortization on disposals 2013	Change in Amortization 2013	Accumulated Amortization 2013
12 210 Land and Sites	$	$	$	$	$
12 220 Buildings					
221 Schools	164,039,908	14,301,747		14,301,747	178,341,655
222 Administration	2,232,498	88,395		88,395	2,320,893
223 Residential	1,400	200		200	1,600
225 Other	421,465	3,128		3,128	424,593
	166,695,271	14,393,470		14,393,470	181,088,741
12 230 Furniture and Equip.					
231 Schools	30,855,178	389,229		389,229	31,244,407
232 Administration	3,173,731				3,173,731
233 Residential	850	31		31	881
235 Other	27,648				27,648
	34,057,407	389,260		389,260	34,446,667
12 240 Vehicles					
241 Service vehicles	689,854	160,543	16,684	143,859	833,713
12 250 Pupil Transportation					
252 Building	28,558	1,058		1,058	29,616
253 Buses	3,851,556	329,403		329,403	4,180,959
254 Service vehicles	51,960	7,423		7,423	59,383
	3,932,074	337,884		337,884	4,269,958
12 260 Misc. Capital Assets					
Computers	894,464				894,464
Tools	18,162				18,162
Water lines	6,802	972		972	7,774
	919,428	972		972	920,400
Subtotal	206,294,034	15,282,129	16,684	15,265,445	221,559,479
Energy retrofit	5,834,303				5,834,303
Total Capital Assets	$ 212,128,337	$ 15,282,129	$ 16,684	$ 15,265,445	$ 227,393,782

Eastern School District
Schedule 8
Long-Term Debt

For the Year Ended June 30, 2013

	June 30, 2013	June 30, 2012
211 Bank Loans		
BMO unsecured loan, bearing interest at prime + 2.0%, repayable in monthly installments of $9,443 plus interest, maturing September 2014.	$ 132,205	$ 245,523
221 Pupil Transportation Vehicle Bank Loans		
Scotiabank unsecured loan, bearing interest at prime + 2%, repayable in blended monthly installments of $521, maturing March 2013.		4,691
BMO unsecured loan, bearing interest at prime + 2%, repayable in blended monthly installments of $5,744, maturing July 2013.	6,311	75,237
BMO unsecured loan, bearing interest at prime + 2%, repayable in blended monthly installments of $1,095, maturing May 2014.	13,141	26,283
BMO unsecured loan, bearing interest at prime + 2%, repayable in monthly installments of $1,679 plus interest, maturing September 2014	26,867	47,018
BMO unsecured loan, bearing interest at prime + 2%, repayable in monthly installments of $3,910 plus interest, maturing June 2015.	93,850	140,775
BMO unsecured loan, bearing interest at 4.55%, repayable in blended monthly installments of $4,393, maturing September 2015.	202,396	244,860
BMO unsecured loan, bearing interest at prime + 2%, repayable in monthly installments of $4,336 plus interest, maturing May 2016.	151,758	203,789
RBC unsecured loan, bearing interest at 5.046%, repayable in blended monthly installments of $4,320, maturing October 2018.	241,792	280,368
BMO unsecured loan, bearing interest at 3.59%, repayable in blended monthly installments of $2,256, maturing September 2022.	212,823	231,882
RBC unsecured loan, bearing interest at 2.6%, repayable in blended monthly installments of $3,759, maturing September 2023.	404,905	439,511
RBC unsecured loan, bearing interest at 3.02%, repayable in blended monthly installments of $3,788, maturing September 2024.	433,064	
Total Pupil Transportation Vehicle Bank Loans	1,786,907	1,694,414
Total Long-Term Debt	$ 1,919,112	$ 1,939,937

Eastern School District
Schedule 8A
Details of Long-Term Debt and Interest Expense

For the Year Ended June 30, 2013

Long-Term Debt

Description	Balance Beginning of Year	Loans Obtained During Year	Principal Repayment for Year	Balance End of Year
Equipment	$ 245,523		$ 113,318	$ 132,205
Transportation	1,694,414	$ 457,044	364,551	1,786,907
Total Loans	$ 1,939,937	$ 457,044	$ 477,869	$ 1,919,112

Annual principal payments

Annual principal payments to maturity are as follows:

2014	$ 518,385
2015	$ 374,367
2016	$ 307,700
2017	$ 241,648
2018	$ 160,149
Thereafter	$ 603,076

Interest Expense

	June 30, 2013	June 30, 2012
Equipment	$ 15,650	$ 20,414
Service vehicles		20,805
Energy management - capital lease	19,422	51,609
Total expense	$ 35,072	$ 92,828

Note: Interest expense related to bank loans for pupil transportation vehicles of $64,746 (2012 - $64,013) is included with Pupil Transportation Expenditures on schedule 5.

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR

FINANCIAL STATEMENTS

MARCH 31, 2014

Management's Report

Management's Responsibility for the Heritage Foundation of Newfoundland and Labrador Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and liabilities are recognized.

Management is also responsible for ensuring that transactions comply with relevant policies and authorities and are properly recorded to produce timely and reliable financial information.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial information on a periodic basis and external audited financial statements yearly.

The Auditor General conducts an independent audit of the annual financial statements of the Foundation, in accordance with Canadian generally accepted auditing standards, in order to express an opinion thereon. The Auditor General has full and free access to financial management of the Heritage Foundation of Newfoundland and Labrador.

On behalf of the Heritage Foundation of Newfoundland and Labrador.

George Chalker
Executive Director

Madonna Sulli
Madonna Sullivan
Financial Manager

AUDITOR
GENERAL
of Newfoundland and Labrador

INDEPENDENT AUDITOR'S REPORT

To the Chairperson and Members
Heritage Foundation of Newfoundland and Labrador
St. John's, Newfoundland and Labrador

Report on the Financial Statements

I have audited the accompanying financial statements of the Heritage Foundation of Newfoundland and Labrador which comprise the statement of financial position as at March 31, 2014, the statements of operations, change in net financial assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Independent Auditor's Report (cont.)

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Heritage Foundation of Newfoundland and Labrador as at March 31, 2014, and its financial performance and its cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

TERRY PADDON, CA
Auditor General

July 21, 2014
St. John's, Newfoundland and Labrador

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF FINANCIAL POSITION
As at March 31

	2014	2013
FINANCIAL ASSETS		
Cash	$ 120,580	$ 103,225
Portfolio investments (Note 3)	1,511,913	1,487,495
Accounts receivable (Note 4)	80,356	393,263
	1,712,849	1,983,983
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	124,401	49,350
Employee future benefits (Note 6)	79,363	77,215
Deferred revenue (Note 7)	1,158,866	1,462,941
	1,362,630	1,589,506
Net financial assets	350,219	394,477
NON-FINANCIAL ASSETS		
Tangible capital assets, net (Note 8)	-	598
Prepaid expenses	1,129	383
	1,129	981
Accumulated surplus (Note 9)	$ 351,348	$ 395,458

Contractual obligations (Note 13)

The accompanying notes are an integral part of these financial statements.

Signed on behalf of the Foundation: ____________ **Chairperson** ____________ **Member**

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR

STATEMENT OF OPERATIONS

For the Year Ended 31 March

	2014 Budget (Note 15)	2014 Actual	2013 Actual
REVENUES			
Province of Newfoundland and Labrador (Note 16)	$ 976,390	$ 889,145	$ 559,904
Government of Canada	-	6,300	-
Donation	-	50,000	-
Income from portfolio investments	-	33,396	31,423
Miscellaneous	20,000	28,344	10,011
	996,390	1,007,185	601,338
EXPENSES (Note 10)			
Heritage grants	196,000	151,186	137,900
Fisheries Heritage Preservation Initiative	-	14,685	14,183
Special projects (Note 11)	407,890	363,710	10,265
Administration	314,651	375,683	328,727
Intangible Cultural Heritage Strategy (Note 12)	125,300	146,031	140,650
	1,043,841	1,051,295	631,725
Annual deficit	(47,451)	(44,110)	(30,387)
Accumulated surplus, beginning of year	395,458	395,458	425,845
Accumulated surplus, end of year	$ 348,007	$ 351,348	$ 395,458

The accompanying notes are an integral part of these financial statements.

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended March 31

	2014 Budget (Note 15)	2014 Actual	2013 Actual
Annual deficit	$ -	$ (44,110)	$ (30,387)
Tangible capital assets			
Amortization of tangible capital assets	-	598	4,021
	-	598	4,021
Prepaid expenses			
Acquisition of prepaid expense	-	(1,750)	(1,750)
Use of prepaid expense	-	1,004	1,750
	-	(746)	-
Decrease in net financial assets	-	(44,258)	(26,366)
Net financial assets, beginning of year	-	394,477	420,843
Net financial assets, end of year	$ -	$ 350,219	$ 394,477

The accompanying notes are an integral part of these financial statements.

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF CASH FLOWS

For the Year Ended March 31	2014	2013
Operating transactions		
Annual deficit	$ (44,110)	$ (30,387)
Adjustment for non-cash items		
Amortization of tangible capital assets	598	4,021
	(43,512)	(26,366)
Change in non-cash operating items		
Accounts receivable	312,907	(351,206)
Accounts payable and accrued liabilities	75,051	(11,266)
Employee future benefits	2,148	2,575
Deferred revenue	(304,075)	449,561
Prepaid expense	(746)	-
Cash provided from operating transactions	41,773	63,298
Investing transactions		
Purchase of portfolio investments	(954,418)	(660,605)
Redemption of portfolio investments	930,000	555,000
Cash applied to investing transactions	(24,418)	(105,605)
Increase (decrease) in cash	17,355	(42,307)
Cash, beginning of year	103,225	145,532
Cash, end of year	$ 120,580	$ 103,225

The accompanying notes are an integral part of these financial statements.

1. Nature of operations

The Heritage Foundation of Newfoundland and Labrador (the Foundation) operates under the authority of the *Historic Resources Act*. Its affairs are managed by members of the Foundation appointed by the Lieutenant-Governor in Council.

The objectives of the Foundation are:

(a) to stimulate an understanding of and appreciation for the architectural heritage of the Province;

(b) to support and contribute to the preservation, maintenance and restoration of buildings and other structures of architectural or historical significance in the Province; and

(c) to contribute to the increase and diffusion of knowledge about the architectural heritage of the Province.

The Foundation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

2. Summary of significant accounting policies

(a) Basis of accounting

The Foundation is classified as an Other Government Organization as defined by Canadian Public Sector Accounting Standards (CPSAS). These financial statements are prepared by management in accordance with CPSAS for provincial reporting entities established by the Canadian Public Sector Accounting Board (PSAB). The Foundation does not prepare a statement of remeasurement gains and losses as the Foundation does not enter into relevant transactions or circumstances that are being addressed by the statement.

(b) Financial instruments

The Foundation's financial instruments recognized on the statement of financial position consist of cash, portfolio investments, accounts receivable, and accounts payable and accrued liabilities. The Foundation generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. Financial assets and financial liabilities are initially measured at cost, which is the fair value at the time of acquisition. The Foundation subsequently measures all of its financial assets and financial liabilities at cost.

The carrying values of cash, portfolio investments, accounts receivable, and accounts payable and accrued liabilities approximate fair value due to their nature and/or the short term maturity associated with these instruments.

Interest attributable to financial instruments is reported on the statement of operations.

2. Summary of significant accounting policies (cont.)

(c) Cash

Cash includes cash in the bank.

(d) Deferred revenue

Deferred revenue consists of contributions received from the Province of Newfoundland and Labrador to be used for the payment of heritage grants and other heritage initiatives as directed by the Province. These contributions are recognized as revenue in the fiscal year the related expenses are incurred.

(e) Employee future benefits

i. Severance pay is calculated based on years of service and current salary levels. Entitlement to severance pay vests with employees after nine years of continuous service, and accordingly a liability has been recorded for these employees. The amount is payable when the employee ceases employment with the Foundation unless the employee transfers to another entity in the public service, in which case the liability is transferred with the employee to the other entity.

ii. The employees of the Foundation are covered by the *Public Service Pensions Act, 1991*, or a self-directed RRSP. For employees covered by the self-directed RRSP, the Foundation will contribute at the same rates as the Public Service Pension Plan based on the employee's salary to the self-directed RRSP but there is no requirement for the employee to match the contributions. Contributions to the Public Service Pension Plan are required from certain employees and are matched by the Foundation. Contributions related to the Public Service Pension Plan are remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire.

The contributions of the Foundation to both the self-directed RRSPs and the Public Service Pension Plan are recorded as an expense for the year.

2. Summary of significant accounting policies (cont.)

(f) Tangible capital assets

Tangible capital assets are recorded at cost, including amounts that are directly related to the acquisition of the assets.

The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Systems development	5 years
Office and computer equipment	5 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Foundation's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

Minor tangible capital asset purchases are charged to operations in the year of acquisition.

(g) Prepaid expenses

Prepaid expenses are charged to the expense over the periods expected to benefit from it.

(h) Revenues

Revenues are recognized in the periods in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

The Foundation recognizes government transfers as revenues when the transfer is authorized, any eligibility criteria are met, except when and to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability for the Foundation. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Government transfers consist of funding from the Province of Newfoundland and Labrador and the Government of Canada.

Income from portfolio investments is recorded as earned.

2. Summary of significant accounting policies (cont.)

(i) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is recorded as an expense.

Government transfers are recognized as expenses in the period in which the transfer is authorized and all eligibility criteria have been met. Government transfers include grants and subsidies under the Foundation's Registered Heritage Structures grant program, the Fisheries Heritage Preservation grant program, and other projects as directed by the Province.

(j) Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the useful life of tangible capital assets and estimated employee future benefits.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

3. Portfolio investments

	2014	2013
Portfolio investments, at cost	$ 1,511,913	$ 1,487,495
Portfolio investments, at market	$ 1,511,913	$ 1,487,495

Investments consist of Guaranteed Investment Certificates, with maturity dates ranging from June 30, 2014 to November 6, 2017 and interest rates ranging from 1.20% to 2.45%.

4. Accounts receivable

	2014	2013
Investment income receivable	$ 21,920	$ 21,552
Harmonized sales tax receivable	49,040	8,452
Province of Newfoundland and Labrador	6,000	362,314
Trade accounts receivable	3,396	945
	$ 80,356	$ 393,263

There is no allowance for doubtful accounts since all amounts are considered collectible.

5. Accounts payable and accrued liabilities

	2014	2013
Trade accounts payables and accruals	$ 87,240	$ 11,839
Accrued employee benefits	37,161	37,511
	$ 124,401	$ 49,350

6. Employee future benefits

(a) Severance pay

Employee future benefits consist of the liability for severance pay of $79,363 (2013 - $77,215).

(b) Retirement benefits

The Foundation and its employees contribute to the Public Service Pension Plan in accordance with the *Public Service Pensions Act, 1991*. The Government of Newfoundland and Labrador administers the Public Service Pension Plan, including payment of pension benefits to employees to whom the *Act* applies. The Public Service Pension Plan is a multi-employer, defined benefit plan.

The plan provides a pension to employees based on their length of service and rates of pay. The maximum contribution rate for eligible employees was 8.6% (2013 - 8.6%). The Foundation's contributions equal the employees' contributions to the plan. The Foundation is not required to make contributions in respect of any actuarial deficiencies of the plan. The pension expense for the Foundation at March 31, 2014, was $8,225 (2013 - $8,038).

For those employees not covered by the Public Service Pension Plan, the Foundation will make an annual contribution equal to the rate provided under the Public Service Pension Plan (maximum of 8.6% of the employee's salary) salary to a self-directed RRSP. There is no requirement that the employee make a matching contribution. Contributions to self-directed RRSPs for the year ended March 31, 2014, were $12,425 (2013 - $12,436)

7. Deferred revenue

Deferred revenue consists of contributions received from the Province of Newfoundland and Labrador to be used for the payment of heritage grants and other heritage initiatives as directed by the Province.

	2014	2013
Registered Heritage Structures	$ 810,844	$ 775,085
Fisheries Heritage Preservation Program	86,901	101,586
Ecclesiastical Structures	115,000	115,000
Registered Heritage Districts	101,855	116,880
Helicopter Crash Memorial	44,266	354,390
	$ 1,158,866	$ 1,462,941

8. Tangible capital assets

	Systems development	Office and computer equipment	Total
Balance, March 31, 2013	$ 267,096	$ 65,558	$ 332,654
Additions	-	-	-
Balance, March 31, 2014	267,096	65,558	332,654
Balance, March 31, 2013	266,815	65,241	332,056
Amortization expense	281	317	598
Balance, March 31, 2014	267,096	65,558	332,654
Net book value, March 31, 2014	**$ -**	**$ -**	**$ -**
Net book value, March 31, 2013	$ 281	$ 317	$ 598

9. Accumulated surplus

Section 25 of the *Historic Resources Act* requires the Foundation to maintain a Fund of monies voted to it by the Legislature and of other monies received by way of gift, bequest, donation or otherwise. Disbursements from the Fund may be made by the Foundation for the purposes set out in the Legislation. The Fund consists of the accumulated surplus of the Foundation. As at March 31, 2014, the Fund balance was $351,348 (2013 - $395,458).

10. Expenses by object

The following is a summary of expenses by object:

	2014 Actual	2013 Actual
Salaries and benefits	$ 404,053	$ 375,728
Grants	217,918	161,464
Professional services	314,443	12,376
Purchased services	81,746	49,528
Travel	24,508	21,009
Amortization	598	4,021
Communications	5,599	5,384
Property, furnishings and equipment	2,430	2,215
	$1,051,295	$ 631,725

11. Special projects

The Foundation incurred expenses related to the following special projects.

	2014 Actual	2013 Actual
Vokey Film Documentary	$ -	$ 5,000
O'Brien Farm Foundation	50,000	-
Helicopter Memorial	300,124	-
UNESCO	2,863	-
Other	10,723	5,265
	$ 363,710	$ 10,265

12. Intangible Cultural Heritage Strategy

In 2008, the Province appointed the Foundation to lead and implement the Province's Intangible Cultural Heritage Strategy. The mission of the Strategy is to safeguard and sustain the Intangible Cultural Heritage of Newfoundland and Labrador for present and future generations, as a vital part of the identities of Newfoundlanders and Labradorians, and as a valuable collection of unique knowledge and customs. During the year, the Foundation recognized $127,713 (2013 - $108,086) in revenue related to the Strategy. The Foundation also incurred expenses of $146,031 (2013 - $140,650) related to the Strategy.

13. Contractual obligations

(a) Grant commitments

As at March 31, 2014, the Foundation had committed $425,892 (2013 - $459,920) in the form of heritage grants approved but not yet disbursed or rescinded. Future disbursements related to these heritage grants will be recorded as reductions to deferred revenue. The Foundation adopted a policy with respect to heritage grant commitments requiring that all grants approved be available for a period of two years from the date of grant approval. Clients not utilizing the heritage grants within this timeframe will forfeit their right to these heritage grants, unless an extension is granted.

As at March 31, 2014, the Foundation had also committed $0 (2013 - $6,000) in the form of Fisheries Heritage Preservation Initiative grants approved but not yet disbursed or rescinded. Future disbursements related to these Fisheries Heritage Preservation Initiative grants will be recorded as reductions to deferred revenue. The Foundation's policy with respect to Fisheries Heritage Preservation Initiative grant commitments requires that all grants approved be available for a period of one year from the date of grant approval. Clients not utilizing the Fisheries Heritage Preservation Initiative grants within this timeframe will forfeit their right to these grants, unless an extension is granted.

(b) Operating lease obligation

Office equipment has been leased by the Foundation. Minimum lease payments over the term of the lease are as follows:

2014	$ 3,246
2015	3,246
2016	1,628
	$ 8,120

14. Financial risk management

The Foundation recognizes the importance of managing risks and this includes policies, procedures and oversight designed to reduce risks identified to an appropriate threshold. The risks that the Foundation is exposed to through its financial instruments are credit risk, liquidity risk and market risk. There was no significant change in the Heritage Foundation of Newfoundland and Labrador's exposure to these risks or its processes for managing these risks from the prior year.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation's main credit risk relates to cash, portfolio investments and accounts receivable. The Foundation's maximum exposure to credit risk is the carrying amounts of these financial instruments. The Foundation is not exposed to significant credit risk with its cash or portfolio investments because these financial instruments are held with a Chartered Bank. The Foundation is not exposed to significant credit risk related to its accounts receivable as these amounts are due primarily from the Province of Newfoundland and Labrador, a Chartered Bank, or the Government of Canada. Accordingly, there is no allowance for doubtful accounts as all amounts are considered collectible.

Liquidity risk

Liquidity risk is the risk that the Foundation will be unable to meet its financial liabilities and contractual obligations. The Foundation's exposure to liquidity risk relates mainly to its accounts payable and accrued liabilities and its contractual obligations as disclosed in Note 13. The Foundation manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its financial liabilities and contractual obligations.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency (foreign exchange) risk, interest rate risk and other price risk. The Foundation is not exposed to significant foreign exchange or other price risk. The Foundation is not exposed to significant interest rate risk related to its portfolio investments because these investments have fixed interest rates and fixed values at maturity.

15. Budgeted figures

Budgeted figures, which have been prepared on a cash basis, are provided for comparison purposes and have been derived from the estimates approved by the Board of Directors of the Foundation.

16. Related party transactions

(a) The Foundation receives grant funding from the Province of Newfoundland and Labrador. During the year, the Foundation received grants totaling $585,070 (2013 - $1,009,465). The Foundation recognized $889,145 (2013 - $559,904) in revenue from the Province of Newfoundland and Labrador.

(b) The Foundation leases office space from the Province of Newfoundland and Labrador at an annual rate of $1.

(c) The Foundation received revenues of $1,843 (2013 - $0) from related parties.

(d) The Foundation incurred expenses of $5,000 (2013 - $5,141) with related parties.

(e) Accounts receivable includes amounts due from related parties of $6,000 (2013 - $362,314)

17. Non-financial assets

The recognition and measurement of non-financial assets is based on their service potential. These assets will not provide resources to discharge liabilities of the Foundation. For non-financial assets, the future economic benefit consists of their capacity to render service to further the Foundation's objectives.

LABRADOR SCHOOL BOARD

Financial statements

Year Ended June 30, 2013

HARRIS RYAN
Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the Newfoundland and Labrador English School District

We have audited the accompanying financial statements of the former Labrador School Board, which comprise the statement of financial position as at June 30, 2013 and the statements of operations and accumulated surplus, cash flows and changes in net debt for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the former Labrador School Board as at June 30, 2013 and the results of its operations and accumulated surplus, cash flows and changes in net debt for the year then ended in accordance with Canadian public sector accounting standards.

Comparative Information

Without modifying our opinion, we draw attention to note 2 to the financial statements which describes that the former Labrador School Board adopted Canadian public sector accounting standards on July 1, 2012 with a transition date of July 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position as at June 30, 2012 and July 1, 2011 and the statements of operations and accumulated surplus , cash flows and changes in net debt for the year ended June 30, 2012 and related disclosure. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

Harris Ryan
CHARTERED ACCOUNTANTS

St. John's, Newfoundland and Labrador
April 9, 2014

Labrador School Board

Statement of Financial Position
Year Ended June 30,2013

	June 30,2013	June 30,2012	July 1,2011
Financial Assets			
Cash (Note 4)	$ 2,893,441	$ 754,256	$ 1,519,043
Short-term Investments (Note 5)	763,026	3,510,062	3,021,099
Accounts Receivable (Note 6)	228,466	183,250	233,014
Due from Government Entities (Note 6)	4,004,134	4,033,628	3,625,615
	7,889,066	8,481,196	8,398,770
Liabilities			
Accounts Payable and Accrued Liabilities (Note 10)	929,979	1,220,228	1,219,447
Teachers' Vacation Pay (Note 7)	3,585,589	3,563,760	3,413,989
Long-term Debt (Schedule 8 and 8A)	1,697,527	1,261,178	785,525
Obligation under Capital Lease	-	-	-
Employee Future Benefits			
Teacher Severance Pay Benefits (Note 3 and Note 8)	6,047,293	5,648,098	5,246,844
Student assistant Severance Pay Benefits (Note 8)	87,230	72,626	66,390
Board employees Severance pay benefits (Note 8)	1,046,228	1,014,098	977,452
Accrued Sick benefits (Note 8)	4,564,986	4,543,941	4,530,330
Executive Staff paid leave	302,589	255,446	265,285
Deferred Revenue	2,273,441	2,642,808	2,658,805
	20,534,862	20,222,183	19,164,067
Net Surplus (Debt)	(12,645,796)	(11,740,986)	(10,765,296)
Non-Financial Assets			
Prepaid Expenses (Note 8)	-	19,978	15,513
Restricted assets - Labrador West School Committee	(84,884)	(79,034)	(61,721)
Capital Assets (Schedule 7 and Note 2)	66,108,168	67,528,597	70,461,026
	66,023,284	67,469,541	70,414,818
Accumulated Surplus/Deficit	$ 53,377,488	$ 55,728,555	$ 59,649,521

Contingent Liabilities (Note 13)

On Behalf of the District:

Chairperson

Treasurer

Labrador School Board

Statement of Operations
Year Ended June 30,2013

	2013	Budget	2012
30. Revenue			
Provincial Government Grants (Schedule 1)	$ 47,925,134	$ 14,698,803	$ 46,800,273
Donations (Schedule 1)	49,323	0	29,047
Ancillary Services (Schedule 1)	270,466	242,600	257,112
Miscellaneous (Schedule 1)	71,001	37,500	33,246
	48,315,924	14,978,903	47,119,678
50. Expenditures			
Administration (Schedule 2)	2,018,825	1,877,074	2,175,191
Instruction (Schedule 3)	34,544,904	5,603,345	35,225,567
Operations and Maintenance (Schedule 4)	6,614,401	4,527,576	6,145,385
Pupil Transportation (Schedule 5)	2,671,877	2,712,600	2,819,620
Miscellaneous (Schedule 6)	222,278	252,808	172,282
Amortization of Capital Assets (Notes 2 and Schedule 7)	4,036,397	-	4,040,915
Interest	6,228	5,500	6,863
Change in Sick leave accrual	21,046		13,611
Change in non-teacher severance liability	131,841		39,955
Change in Teachers' Severance Liability	399,195		401,254
	50,666,991	14,978,903	51,040,644
Annual Surplus/Deficit	$ (2,351,067)	$ -	$ (3,920,966)
Accumulated Surplus/Deficit, Beginning of Year	$ 55,728,555		$ 59,649,521
Accumulated Surplus/Deficit, End of Year	$ 53,377,488	$ -	$ 55,728,555

Labrador School Board

Statement of Cash Flows
Year Ended June 30,2013

	June 30,2013	June 30,2012
Operating Transactions		
Annual Surplus/Deficit	$ (2,351,067)	$ (3,920,966)
Adjustments for:		
Amortization of Capital Assets	$ 4,036,397	$ 4,040,915
Capital Grants Provincial and Other	-	-
Increase in Severance Pay Accrual	131,841	42,875
Increase in Teacher's Severance Liability	399,195	401,254
Change in sick leave accrual	21,046	13,611
Increase in Other Employee Benefits Liability	47,143	(9,839)
Short Term Investments	2,747,036	(488,963)
Deferred revenue	(369,367)	(15,997)
Changes in Non-Cash Assets and Liabilities Related	(343,421)	(194,844)
	4,318,803	(131,955)
Capital Transactions		
Construction and Purchase of Tangible Capital Assets	(2,615,967)	(1,108,487)
Capital Asset Contributions	-	-
Cash Provided by Capital Transactions	(2,615,967)	(1,108,487)
Financing Transactions		
Proceeds from Obligation Under Capital Lease	-	-
Repayment of Obligation under Capital Lease	-	-
Proceeds from Long-Term Borrowings	642,090	674,844
Repayment of Long-Term Debt	(205,741)	(199,190)
Cash Provided by (used in) Financing Transactions	436,349	475,654
Net Increase in Cash	2,139,185	(764,787)
Cash, Beginning of the Year	754,256	1,519,043
Cash, End of the Year	$ 2,893,441	$ 754,256
Supplementary Disclosure of Cash Flow Information		
Interest Paid	$ 6,223	$ 6,863
Interest Paid - Bussing Loans		
	$ 6,223	$ 6,863

Labrador School Board

Statement of Changes in Net Debt
Year Ended June 30,2013

	June 30,2013	June 30,2012
60. Annual Surplus (Deficit)	$ (2,351,067)	$ (3,920,966)
Changes in Tangible Capital Assets		
Acquisition of Tangible Capital Assets	(2,615,967)	(1,108,487)
Amortization of Tangible Capital Assets	4,036,397	4,040,915
Increase in Net Book Value of Tangible Capital Assets	1,420,430	2,932,428
Changes in Other Non-Financial Assets		
Change in restricted assets	5,844	17,320
New Change in Prepaid Expenses - Increase/Decrease	19,983	(4,471)
Increase in Net Debt	(904,810)	(975,689)
Net Debt, Beginning of Year	(11,740,986)	(10,765,296)
Net Debt, End of Year	$ (12,645,796)	$ (11,740,986)

1. Nature of Operations

The former Labrador School Board ["Board"] was a learning organization mandated by the Government of Newfoundland and Labrador to organize, administer, and deliver primary, elementary and secondary education within Labrador.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards ["PSA"]. Previously, the former Board's financial statements were prepared in accordance with Part V of the CICA Handbook ["Pre-changeover Accounting Standards"] These financial statements do not include school based financial activities which would consist of revenues, expenses and net assets controlled by school administration. The significant accounting policies used in the preparation of these financial statements are summarized below:

Conversion to Public Sector Accounting Standards

Commencing with the 2012/13 fiscal year, the former Board has adopted Canadian Public Sector Accounting Standards ("PSA") without not-for-profit provisions. These financial statements are the first financial statements for which the former Board has applied PSA standards.

The School Board has elected to use the following exemptions available as of July 1, 2011, the date of transition to the new accounting framework:

- Retirement and post-employment benefits:
  a) The former Board had elected to recognize all cumulative actuarial gains and losses at July 1, 2011 directly in accumulated surplus (deficit); and
- Tangible capital asset impairment:
  a) The former Board has elected to apply *Section PS 3150* on a prospective basis from the date of transition

Key adjustments on the former Board's financial statements resulting from the adoption of these accounting standards are as follows:

- Previously, the former Board was not required to record an accrued benefit obligation related to sick leave benefits, as the benefits do not vest. PSA standards require that a liability and an expense be recognized for post-employment benefits and compensated absences that vest or accumulate in the period in which employees render services to the

2. Significant Accounting Policies (Con't)

Board in return for the benefits. An adjustment was made to recognize a liability and an expense related to accumulated sick leave entitlements. The adjustment to the liability for employee future benefits at July 1, 2011 was $4,416,982 resulting in a revised liability of $4,530,330. An additional expense of $13,611 was recognized in the 2012 fiscal year resulting in a revised liability for employee future benefits at June 30, 2012 of $4,543,940 related to the accrual for accumulated sick leave entitlements, determined by an actuarial valuation.

- Investment in capital assets is not recognized under Public Sector Accounting Standards and as a result, the balance has been combined with the accumulated surplus (deficit) at July 1, 2011.
- The former Board recognized severance benefits at the point in time the employees were entitled to a severance payment. An actuarial assessment has been performed on the severance pay liability of the former Board to include those employees with less than nine years of service. The adjustment to the liability for severance pay liabilities at July 1, 2011 was a reduction of the liability in the amount of $714,396 resulting in a revised liability of $6,290,685. An additional expense of $441,209 was recognized in the 2012 fiscal year resulting in a revised liability of $6,734,822 at June 30, 2012.
- The former Board previously recognized the funding to be provided for the repayment of bussing loans, as an increase in Provincial Government Receivable and a charge to investment in capital assets. These receivable balances have been retroactively restated to recognize the funding for bussing loans on a current basis in the statement of operations. The adjustment to the Provincial Government receivable at July 1, 2011 was decreased by $785,524

2. Significant Accounting Policies (con't)

	Previously Stated July 1,2011	Adjustment July 1,2011	Restated July 1,2011
	$	$	$
Investment in capital assets	70,469,927	(70,469,927)	-
Severance pay liability	7,005,081	(714,396)	6,290,685
Employee Future Benefits – Sick Leave	113,347 -	4,416,982	4,530,329
Provincial Government AR	4,411,139	(785,524)	3,625,615
Former Board deficiency	(6,332,295)	67,552,865	59,649,521

	Previously Stated June 30,2012	Adjustment June 30,2012	Restated June 30,2012
	$	$	$
Investment in capital assets	67,468,097	(67,468,097)	-
Severance pay liability	7,179,361	(444,539)	6,734,822
Employee Future Benefits – sick leave	111,347	4,432,593	4,543,940
Provincial Government AR	5,294,897	(1,261,179)	4,033,628
Former Board deficiency	(6,492,317)	62,220,872	55,728,555

The impact of the conversion to PSA standards on the accumulated surplus (deficit) at July 1, 2011 and the comparative annual surplus is presented below. These accounting changes have been applied retrospectively with restatement of prior periods.

2. Significant Accounting Policies(con't)

Accumulated surplus (deficit) as originally reported, July 1, 2011	$(6,332,295)
Adjustments to accumulated surplus (deficit)	
Adjustment to sick benefits	(4,416,982)
Adjustment to accrued severance benefits	714,396
Bussing	(785,524)
Reclassify Investment in capital assets	70,469,926
Accumulated surplus (deficit) as restated, July 1, 2011	$ 59,649,521
Annual surplus (deficit) as originally reported for the year ended June 30, 2012	$(160,022)
Adjustments to annual surplus (deficit) for the year	
Adjustment to sick benefits	(13,611)
Adjustment to accrued severance benefits	(269,849)
Bussing	(1,261,179)
Reclassify Capital grants to revenue	1,039,086
Amortization of capital assets	(4,040,915)
Annual surplus (deficit) for the year as restated for the year ended June 30, 2012	(3,445,311)
Accumulated surplus (deficit), end of year as restated, June 30, 2012	$ 55,728,555

Revenue

The former Board's main source of funding was derived from Government of Newfoundland and Labrador, Department of Education ("the Department"). The Department provides funding for operations, transportation, capital expenditures and teacher salaries and severance pay. Funding was included in revenue on the accrual basis and when the related expenditures have been incurred with the exception of funding for the teacher severance pay which was recorded when the severance was paid to employees (see note 2). Funding designated for specific purposes, for which criteria has not been met, was deferred and included in revenue when the related expenditures had been incurred. Government transfers received with associated stipulations relating to the purchase of capital assets, were recognized as revenue when the related assets were acquired. Rental revenue was recognized when received or receivable if the amount to be received could be reasonably estimated and collection was reasonably assured. Interest revenue was recognized when earned.

2. Significant Accounting Policies (con't)

Restricted Equity

The former Board received funding from the Province and external sources which had been restricted for specific purposes in the future. Restricted funds had been recorded as revenue and transferred to restricted equity for the designated purpose.

Cash and cash equivalents

Cash and cash equivalents included cash on hand and balances with banks.

Short term investments

Short term investments included GIC's with original terms of greater than three months which mature within one year.

Tangible Capital Assets

Tangible capital assets are stated at cost or deemed cost and amortized using the straightline basis over their estimated useful lives, using the following rates:

Buildings (Wooden Structure)	25years
Buildings (Steel and Masonry)	40 years
Pavement	20 years
Heavy equipment and vehicles	12 years
Service vehicles	5 years
Oil tanks	5 years

Long-Lived Assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable.

Accrued vacation pay

Vacation pay was accrued for all employees as entitlement is earned.

2. Significant Accounting Policies (con't)

Teachers' and Student Assistants' Payroll

The Government of Newfoundland and Labrador processed the payrolls and remitted the source deductions directly to the appropriate agencies. The amounts recorded in the financial statements represent gross salaries and employee benefits as reported by the Department for the year.

Pension Costs

All permanent employees of the former Board are covered by pension plans administered by the Government of Newfoundland Labrador. Contributions to these plans are required from both the employee and the Board. Post retirement obligations to employees are the responsibility of the Government of Newfoundland and Labrador and, as such, the employer contributions for pensions and other retirement benefits are recognized in the accounts on a current basis.

Other Employee Severance Pay Accrual

The former Board had in effect severance pay policies whereby employees were entitled to a severance payment upon leaving employment with the former Board. Under these policies, a permanent employee who had nine (9) or more years of continuous service in the employ of the former School Board was entitled to be paid severance pay upon termination. The severance benefit obligation has been actuarially determined using assumptions based on management's best estimate of future salary and wage changes, employee age, years of services, the probability of voluntary departure due to resignation or retirement, the discount rate and other factors. Discount rates are based on the Province's long-term borrowing rate. Actuarial gains and losses are being amortized to the liability and related expense straight-line over the expected average remaining service life of the employee group

Severance pay for teachers is paid directly to employees by the Department of Education.

Accrued sick leave

Employees of the former Board are entitled to sick pay benefits which accumulate but do not vest. In accordance with PSA for post-employment benefits and compensated balances, the Labrador School Board recognized the liability in the period in which the employee rendered service. The obligation was actuarially determined using assumptions based on management's best estimates of the probability of use of accrued sick leave, future salary and wage changes, employee age, the probability of departure, retirement age, the discount rate and other factors. Discount rates are based on the Province's long-

2. Significant Accounting Policies (con't)

term borrowing rate. Actuarial gains and losses are being amortized to the liability and related expense straight-line over the expected average remaining service life of the employee group.

Use of Accounting Estimates

The preparation of financial statements in conformity with PSA requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting periods. Actual results could differ from those estimates.

Deferred revenue

Deferred operating revenue represents externally restricted government transfers, as well as other externally restricted contributions, with associated stipulations relating to specific projects or programs, resulting in a liability. These transfers will be recognized as revenue in the period in which the resources are used for the purpose specified.

Financial instruments

Financial assets and liabilities are classified according to their characteristics and managements choices and intentions related thereto for the purpose of ongoing measurements. The fair value of a financial instrument is the estimated amount to be received or paid to terminate the instrument's agreement at the reporting date.

Financial assets and liabilities are generally classified and measured as follows:

Asset/liability	Classification	Measurement
Cash	Held for trading	Fair value
Short term investments	Held for trading	Fair value
Accounts receivable	loans and receivables	Amortized cost
Accounts payable	other liabilities	Amortized cost
Long-term debt	other liabilities	Amortized cost

3. Teachers' Severance Pay Benefits

Pursuant to a directive issued by the Department during fiscal 1998, the former Board recorded the severance pay liability for teachers in the former Board. The *Schools Act, 1997* specifies that salaries and other compensation for teachers are the responsibility of the Department. The Department does not recognize this liability until it has to be paid.

The net change in liability for the year ended is as follows:

	June 30, 2013	June 30, 2012
Teachers' Severance Pay Benefits		
Balance, beginning of the year	$ 5,648,098	$ 5,246,844
Net increase, (decrease) for the period	399,195	401,254
Balance, end of the year	$ 6,047,293	$ 5,648,098

4. Cash

	June 30, 2013	June 30, 2012
Cash		
Cash on Hand	$ 1,000	$ 1,000
Bank - Current	1,047,936	(81,356)
Bank - Savings	1,842,195	832,058
Bank - Teachers' Payroll	2,309	2,554
Bank - Non Teachers' Payroll	-	-
Bank - Coupon (Debenture)	-	-
Bank - Other (Specify)	-	-
	$ 2,893,441	$ 754,256

5. Short Term Investments

	June 30, 2013	June 30, 2012
Short Term Investments		
Term Deposits	$ 763,026	$ 3,510,062
Canada Savings Bonds	-	-
Other (Specify)	-	-
	$ 763,026	$ 3,510,062

6. Accounts Receivable

	June 30, 2013	June 30,2012
Accounts Receivable		
Current		
Provincial Government	$ 4,004,134	$ 4,033,628
Transportation	-	-
Federal Government	146,844	111,628
Other School Districts	-	-
Rent	-	124
Interest	-	-
Travel Advances and Miscellaneous	81,621	71,499
Capital		
DEC - Construction Grants	-	-
Local Contributions	-	-
Other School Districts	-	-
Other (Specify)	-	-
	$ 4,232,599	$ 4,216,879

7. Teachers' Vacation Pay

Pursuant to a directive issued by the Department during the fiscal year 2006, the former Board recorded the vacation pay liability for teachers with the Board. The liability relates to teachers' salaries earned during the school year but not fully paid to teachers until subsequent to June 30. Accordingly, the former Board had recorded teachers' vacation pay receivable $ 3,585,589 at June 30, 2013.

8. Employee Future Benefits

Future employee benefits related to severance and sick leave obligations have been calculated based on an actuarial valuation dated March 10, 2014. The actuarial valuation of the accrued severance pay and accrued sick leave was performed effective July 1, 2011 and an extrapolation of that valuation has been performed to June 30, 2012 and June 30, 2013.

Severance

	June 30, 2013	June 30, 2012
Accrued benefit obligation, beginning of year	7,227,392	6,290,685
Benefits expense		
Current service cost	622,714	533,882
Interest cost	248,420	274,154
Actuarial loss (gain)	(303,987)	492,571
Benefits paid	(464,560)	(363,900)
Accrued benefit obligation, end of year	7,329,979	7,227,392

A reconciliation of the accrued benefit liability and the accrued benefit obligation is as follows:

Accrued benefit liability	7,180,751	6,734,821
Unamortized actuarial losses	149,228	492,571
Accrued benefit obligation	7,329,979	7,227,392

Sick leave

	June 30, 2013	June 30, 2012
Accrued benefit obligation, beginning of year	4,781,337	4,530,329
Benefits expense		
Current service cost	396,232	359,091
Interest cost	159,885	190,990
Actuarial loss (gain)	(133,874)	237,397
Benefits paid	(553,907)	(536,470)
Accrued benefit obligation, end of year	4,649,673	4,781,337

A reconciliation of the accrued benefit liability and the accrued benefit obligation is as follows:

Accrued benefit liability	4,564,986	4,543,940
Unamortized actuarial losses	84,687	237,397
Accrued benefit obligation	4,649,673	4,781,337

The significant actuarial assumptions used in measuring the accrued severance pay and benefits expenses are as follows:

	2013	2012	2011
Discount rate	3.91%	3.40%	4.30%
Rate of compensation increase			
Teaching staff first 10 years service	7.25%	7.25%	7.25%
All other staff	4.00%	4.00%	4.00%

9. Prepaid Expenses

	June 30, 2013	June 30,2012
Prepaid Expenses Current		
Insurance	$ -	$ -
Municipal Service Fees	-	15,407
Supplies	-	-
Other (Alarms)	-	4,571
Prepaid Expenses		
Other (Specify)	-	-
Total Prepaid Expenses	$ -	$ 19,978

10. Accounts Payable and Accrued Liabilities

	June 30,2013	June 30,2012
Accounts Payable and Accrued Liabilities		
Current		
	$	$
Accounts Payable - Trade	563,904	568,082
Accrued Liabilities	31,570	44,581
Accrued Interest Payable	5,038	13,385
Accrued Wages Payable	304,750	536,329
Payroll Deductions Payable	22,298	53,565
Retail Sales Tax Payable	580	4,285
Deferred Grants Payble	-	-
Other (Drama Festival Payable)	1,840	-
Capital		
Accounts Payable - Trade	-	-
Accrued Liabilities	-	-
Accrued Interest Payable	-	-
Deferred Grants	-	-
Other (Specify)	-	-
	929,979	1,220,228

11. Financial Instruments

The former Board's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable and long term obligations. It was management's opinion that the Board was not exposed to significant interest rate risk, currency or credit risks arising from these financial statements.

The carrying value of the Board's financial instruments approximate fair values due to the short-term maturity and normal credit terms of those instruments.

12. Insurance Subsidy

The cost of insuring school properties is incurred by the Provincial Government and no amount has been recorded in these accounts to reflect this cost.

13. Contingent Liabilities

Site restoration and remediation costs associated with school properties under the former District are charged to operations as incurred. Estimated future site restoration and remediation costs have not been accrued in these financial statements since the obligation, if any, is presently not determinable. Such costs are normally funded by the Province.

The Lavers inquiry was investigating allegations of abuse at schools formerly run by various churches in certain parts of Labrador. The possibility or magnitude of any resulting liability arising to the former Board is not known.

Subsequent to year end, one of these cases was settled in the Supreme Court of Newfoundland and Labrador (Trial Division). The former Board's share of the settlement funds to be paid was $62,500. This amount and any associated legal expenses was reimbursed by the Government of Newfoundland and Labrador's Department of Education.

14. Subsequent Event

Subsequent to year end the Government of Newfoundland and Labrador mandated the consolidation of the four English speaking school boards into one successor board known as the Newfoundland and Labrador English School District.

Labrador School Board

Schedule 1

Current Revenues
Year Ended June 30,2013

		2013	2012
	Revenues		
30.32.	**Provincial Government Grants**		
	011 Regular Operating Grants	7,490,250	7,636,427
	Maintenance operating grant	1,784,875	1,114,158
	Capital grant	1,973,882	364,249
	016 Special Grants (Details on bottom of Schedule 1)	2,716,661	2,702,476
	Salaries and Benefits		
	017 Superintendent and Assistant Superintendent	731,007	791,417
	021 Teachers' Gross Salaries	28,283,905	28,716,308
	022 Substitute Teachers' Gross Salaries	1,019,860	1,050,783
	Student assistants	702,914	711,958
	031 Pupil Transportation - District Owned	2,902,057	3,037,807
	032 Pupil Transportation - Contracted	-	20,593
	033 Pupil Transportation - Handicapped	21,960	29,801
	Capital loans - pupil transportation	-	-
	Other	297,764	624,296
		47,925,134	46,800,273
30.33.	**Donations**		
	012 Cash Receipts		
	013 Non Cash Receipts		
	014 Restricted Use	49,323	29,047
		49,323	29,047
30.34.	**Ancillary Services**		
	011 Revenues from Rental of Residences	270,466	257,112
	021 Revenues from Rental of Schools and Facilities (net)		
	031 Cafeterias		
	032 Other (Specify)		
		270,466	257,112
30.35.	**Miscellaneous**		
	011 Interest on Investments	71,001	33,246
	012 Bus Charters		
	021 Recoveries of Expenditures		
	031 Revenues from Other School Districts		
	051 Insurance Proceeds		
	061 Bilingual Education Revenue		
	071 Operating Revenue from Native Peoples Grant		
	081 Miscellaneous Federal Grants		
	092 Textbooks		
	092 Sundry		
		71,001	33,246
	Total Current Revenues	$ 48,315,924	$ 47,119,678

Special Grants

	2013	2012
Fiscal Finance Agreement	$ 2,487,826	$ 2,338,965
Adult basic education	59,277	134,757
French immersion	20,711	20,636
Francophone	67,270	54,000
School District Election Grant		
Alternate Text		
Textbook Credit Allocation		
Aboriginal Education Initiatives	81,576	154,118
	$ 2,716,661	$ 2,702,476

Labrador School Board

Schedule 2

Administration Expenditures
Year Ended June 30,2013

		2013	2012
50.51	**Administration**		
	011 Salaries and Benefits (Gross) Superintendents and Assistant Superinten	778,150	777,999
	012 Salaries and Benefits - District Office Personnel	828,234	922,332
	013 Office Supplies	26,891	19,793
	014 Replacement Furniture and Equipment	12,652	32,315
	015 Postage	9,318	7,249
	016 Telephone	54,817	49,456
	017 Office Equipment Rentals and Repairs	23,317	14,199
	018 Bank Charges	34	-
	019 Electricity	5,233	5,017
	021 Fuel	-	-
	022 Insurance	2,713	2,448
	023 Repairs and Maintenance (Office Building)	-	-
	024 Travel	105,453	123,120
	025 District Meeting Expenses	63,736	71,677
	026 Election Expenses	-	-
	027 Professional Fees	24,094	46,103
	028 Advertising	41,123	58,835
	029 Membership Dues	24,466	24,094
	031 Municipal Service Fees	2,298	3,544
	032 Rental of Office Space	-	-
	033 Relocation Expenses	-	-
	034 Miscellaneous	1,810	1,615
	035 Administrative Payroll Tax	14,487	15,395
	Total Administration Expenditures	$ 2,018,825	$ 2,175,191

Labrador School Board

Schedule 3

Instruction Expenditures
Year Ended June 30,2013

		2013	2012
50.52.	010 **Instructional Salaries (Gross)**		
	011 Teachers' Salaries - Regular	24,862,115	25,022,637
	012 Teachers' Salaries - Substitute	891,236	1,073,929
	013 Teachers' Salaries - District Paid	79,899	181,823
	014 Augmentation Payments	-	-
	015 Employee Benefits	3,558,666	3,681,448
	016 School Secretaries - Salaries & Benefits	716,799	740,742
	017 Payroll Tax	33,364	33,412
	Teachers' Salaries - Student assistants	705,968	711,958
	018 Other instructional salaries and benefits	1,368,889	1,373,674
		32,216,936	32,819,623
50.52.	040 **Instructional Materials**		
	041 General Supplies	478,190	363,706
	042 Library Resource Materials	7,440	102,722
	043 Teaching Aids	105,345	112,437
	Other instructional materials	117,659	102,250
	Other Aboriginal Peoples Programs	761,653	540,220
	044 Textbooks		
		1,470,287	1,221,335
50.52.	060 **Instructional Furniture and Equipment**		
	061 Replacement	75,540	142,809
	062 Rentals and Repairs	105,402	100,412
		180,942	243,221
50.52.	080 **Instructional Staff Travel**		
	081 Program Co-ordinators	87,784	91,047
	Travel - IT technicians	30,658	30,788
	082 Teachers' Travel	6,412	9,313
	083 In-service and Conferences	334,887	363,820
		459,741	494,968
50.52.	090 **Other Instructional Costs**		
	091 Postage and Stationery	5,635	6,421
	Other - Aborignal Peoples Programs	195,593	301,636
	Other - Health and Community living	15,770	138,363
	092 Miscellaneous	-	-
		216,998	446,420
	Total Instruction Expenditures	$ 34,544,904	$ 35,225,567

Labrador School Board

Schedule 4

Operations and Maintenance Expenditures - School
Year Ended June 30,2013

		2013	2012
50.53.	011 Salaries and Benefits - Janitorial	$ 1,336,629	$ 1,365,417
	012 Salaries and Benefits - Maintenance	1,087,357	1,338,125
	013 Payroll Tax	245,716	286,733
	014 Electricity	378,437	403,626
	015 Fuel	471,204	525,311
	016 Municipal Service Fee	78,083	82,932
	017 Telephone	172,627	180,441
	018 Vehicle Operating and Travel	56,289	60,013
	019 Janitorial Supplies	201,604	103,291
	021 Janitorial Equipment	39,433	41,520
	022 Repairs and Maintenance - Buildings	1,805,870	1,315,087
	023 Repairs and Maintenance - Equipment	13,807	15,966
	024 Contracted Services - Janitorial	19,752	42,901
	025 Snow Clearing	284,037	163,501
	026 Rentals	-	-
	027 Other (Specify)	423,557	220,520
	Total Operations and Maintenance	$ 6,614,401	$ 6,145,385

Labrador School Board

Schedule 5

Pupil Transportation Expenditure
Year Ended June 30,2013

		2013	2012
50.54.	010 **Operation and Maintenance of District Owned Fleet**		
	011 Salaries and Benefits - Administration		
	012 Salaries and Benefits - Drivers and Mechanics	1,744,235	1,795,980
	013 Payroll Tax	28,088	27,612
	014 Debt Repayment - Interest	46,599	35,974
	015 Debt Repayment - Principal	-	-
	016 Bank Charges	-	-
	017 Gas and Oil	340,007	317,734
	018 Licenses	12,744	25,978
	019 Insurance	21,316	21,114
	021 Repairs and Maintenance - Fleet	205,460	191,942
	022 Repairs and Maintenance - Building	8,820	158,496
	023 Tires and Tubes	23,846	30,822
	024 Heat and Light	14,559	15,907
	025 Municipal Service	6,091	5,364
	026 Snow Clearing	27,838	14,447
	027 Office Supplies	9,187	1,181
	028 Rent	74,966	78,911
	029 Travel	30,961	8,683
	031 Professional Fees	2,000	2,000
	032 Miscellaneous	4,204	7,516
	033 Telephone	17,991	17,079
	034 Vehicle Leases		
		2,618,911	2,756,741
50.54.	040 **Contracted Services**		
	041 Regular Transportation	2,160	16,045
	042 Handicapped	50,806	46,833
		52,966	62,879
	Pupil Transportation Expenditures	$ 2,671,877	$ 2,819,620

Labrador School Board

Ancillary Services and Miscellaneous Expenses
Year Ended June 30,2013

Ancillary Services

The District owns and operates the following ancillary services:

		2013	2012
50.55.	**Ancillary Services**		
	011 Operation of Teachers' Residences	$ 222,278	$ 172,282
	031 Cafeterias	-	-
	032 Other (Specify)	-	-
		$ 222,278	$ 172,282

Miscellaneous Expenses (Specify)

The District has incurred the following miscellaneous expenses:

		2013	2012
50.57.	011 **Miscellaneous Expenses (Specify)**	$ -	$ -

Labrador School Board

Schedule 7

Capital Assets
Year Ended June 30,2013

		Cost June 30,2013	Accumulated Amortization 2013	NBV June 30, 2013	NBV June 30,2012
10.12.	**210 Land and Sites**				
	211 Land and Sites	$ 197,033	$ -	$ 197,033	$ 160,890
10.12.	**220 Buildings**				
	221 Schools	138,413,411	(78,856,536)	59,556,875	61,441,117
	222 Administration	2,723,522	(2,723,522)	-	-
	223 Residential	8,760,129	(4,845,592)	3,914,537	3,969,106
	224 Recreational	-	-	-	-
	225 Other (Specify)	-	-	-	-
		149,897,062	(86,425,650)	63,471,412	65,410,223
10.12.	**230 Furniture and Equipment**				
	231 Schools	-	-	-	-
	232 Administration	-	-	-	-
	233 Residential	-	-	-	-
	234 Recreation	-	-	-	-
	235 Other (Oil Tanks)	557,812	(371,822)	185,990	254,925
		557,812	(371,822)	185,990	254,925
10.12.	**240 Vehicles**				
	241 Service Vehicles	318,939	(267,335)	51,604	74,566
10.12.	**250 Pupil Transportation**				
	251 Land	-	-	-	-
	252 Building	732,941	(732,941)	-	-
	253 Vehicles - Buses	3,190,285	(1,412,416)	1,777,869	1,331,127
	254 Vehicles - Service	-	-	-	-
	255 Equipment	-	-	-	-
	256 Other (Specify)	-	-	-	-
		3,923,226	(2,145,357)	1,777,869	1,331,127
10.12.	**260 Misc. Capital Assets**				
	261 Other (Pavement)	466,995	(42,735)	424,260	296,867
	Total Capital Assets	$ 155,361,067	$ (89,252,900)	$ 66,108,168	$ 67,528,597

Labrador School Board

Schedule 7A

Details of Capital Assets - Additions and Disposals
Year Ended June 30,2013

		Balance June 30,2012	Additions	Disposals	Balance June 30,2013
10.12.	**210 Land and Sites**				
	211 Land and Sites	$ 160,890	$ 36,143	$ -	$ 197,033
10.12.	**220 Buildings**				
	221 Schools	136,925,919	1,487,492	-	138,413,411
	222 Administration	2,723,522	-	-	2,723,522
	223 Residential	8,475,445	284,685	-	8,760,129
	224 Recreational	-	-	-	-
	225 Other (Specify)	-	-	-	-
		148,124,886	1,772,177	-	149,897,062
10.12.	**230 Furniture and Equipment**				
	231 Schools	-	-	-	-
	232 Administration	-	-	-	-
	233 Residential	-	-	-	-
	234 Recreation	-	-	-	-
	235 Other (Oil Tanks)	539,316	18,496	-	557,812
		539,316	18,496	-	557,812
10.12.	**240 Vehicles**				
	241 Service Vehicles	318,939	-	-	318,939
10.12.	**250 Pupil Transportation**				
	251 Land	-	-	-	-
	252 Building	732,941	-	-	732,941
	253 Vehicles - Buses	3,087,603	642,085	539,403	3,190,285
	254 Vehicles - Service	-	-	-	-
	255 Equipment	-	-	-	-
	256 Other (Specify)	-	-	-	-
		3,820,544	642,085	539,403	3,923,226
10.12.	**260 Misc. Capital Assets**				
	261 Other (Pavement)	319,929	147,066	-	466,995
	Total Capital Assets	$ 153,284,503	$ 2,615,967	$ 539,403	$ 155,361,067

Labrador School Board

Schedule 7B

Details of Capital Assets - Amortization
Year Ended June 30,2013

		Accumulated Amortization 2012	Amortization 2013	Amortization on Disposals 2013	Change in Amortization 2013	Accumulated Amortization 2013
10.12.	210 **Land and Sites**					
	211 Land and Sites	$ -	$ -	$ -	$ -	$ -
10.12.	220 **Buildings**					
	221 Schools	75,484,802	3,371,734	-	3,371,734	78,856,536
	222 Administration	2,723,522	-	-	-	2,723,522
	223 Residential	4,506,339	339,253	-	339,253	4,845,592
	224 Recreational	-	-	-	-	-
	225 Other (Specify)	-	-	-	-	-
		82,714,663	3,710,987	-	3,710,987	86,425,650
10.12.	230 **Furniture and Equipment**					
	231 Schools	-	-	-	-	-
	232 Administration	-	-	-	-	-
	233 Residential	-	-	-	-	-
	234 Recreation	-	-	-	-	-
	235 Other (Oil Tanks)	284,392	87,431	-	87,431	371,822
		284,392	87,431	-	87,431	371,822
10.12.	240 **Vehicles**					
	241 Service Vehicles	244,372	22,963	-	22,963	267,335
10.12.	250 **Pupil Transportation**					
	251 Land	-	-	-	-	-
	252 Building	732,941	-	-	-	732,941
	253 Vehicles - Buses	1,756,476	195,343	(539,403)	(344,059)	1,412,416
	254 Vehicles - Service	-	-	-	-	-
	255 Equipment	-	-	-	-	-
	256 Other (Specify)	-	-	-	-	-
		2,489,417	195,343	(539,403)	(344,059)	2,145,357
10.12.	260 **Misc. Capital Assets**					
	261 Other (Pavement)	23,062	19,673	-	19,673	42,735
	Total Capital Assets	$ 85,755,906	$ 4,036,397	$ (539,403)	$ 3,496,994	$ 89,252,900

Labrador School Board

Details of Long Term Debt
Year Ended June 30,2013

Schedule 8

Bank loans, mortgage and debentures, approved by the District and the Government of Newfoundland and Labrador

			June 30,2013	June 30,2012
20.21.	210	**Loans Other than Pupil Transportation**		
		Ref #		
	211	**Bank Loans**		
		Repayable $ monthly, maturing		
		Repayable $ monthly, maturing		
		Repayable $ monthly, maturing		
		Repayable $ monthly, maturing		
		Repayable $ monthly, maturing		
		Repayable $ monthly, maturing		
		Total 211	-	-
	212	**Mortgages**		
		Repayable $ monthly, maturing		
		Repayable $ monthly, maturing		
		Repayable $ monthly, maturing		
		Repayable $ monthly, maturing		
		Repayable $ monthly, maturing		
		Repayable $ monthly, maturing		
		Total 212	-	-
	213	**Debentures**		
		Repayable $ monthly, maturing		
		Repayable $ monthly, maturing		
		Total 213	-	-
	214	**Other (Please Specify)**		
		Subtotal	-	-
	215	**Less Current Maturities**		
		Total Loans Other Than Pupil Transportation	-	-
20.21.	220	**Loans - Pupil Transportation**		
		Ref #		
	221	**Vehicle Bank Loans**		
		Repayable $ 2,172 monthly, maturing May 21, 2013	$ -	$ 23,891
		Repayable $ 581 monthly, maturing January 19, 2013	6,971	13,941
		Repayable $ 1,696 monthly, maturing September 4, 2013	45,788	66,139
		Repayable $ 2,924 monthly, maturing April 14, 2016	181,232	216,320
		Repayable $ 2,523 monthly, maturing August 21, 2015	285,160	312,913
		Repayable $ 4,687 monthly, maturing August 16, 2016	576,417	627,974
		Repayable $ 4,459 monthly, maturing August 31, 2016	601,959	
		Repayable $ monthly, maturing		
		Repayable $ monthly, maturing		
		Repayable $ monthly, maturing		
		Repayable $ monthly, maturing		
		Repayable $ monthly, maturing		
		Repayable $ monthly, maturing		
		Total 221	1,697,527	1,261,178
	222	**Land, Buildings and Equipment Bank Loans**		
		Repayable $ monthly, maturing		
		Repayable $ monthly, maturing		
		Repayable $ monthly, maturing		
		Repayable $ monthly, maturing		
		Repayable $ monthly, maturing		
		Total 222		
		Subtotal	1,697,527	1,261,178
	223	**Less Current Maturities**		
		Total Loans- Pupil Transportation	1,697,527	1,261,178
		Total Long Term Debt	$ 1,697,527	$ 1,261,178

Labrador School Board

Summary of Long Term Debt
Year Ended June 30,2013

Description	Ref. #	Rate	Balance Beginning of Year	Loans Obtained During Year	Principal Repayment for Year	Balance End of Year
A) School Construction			-	-	-	-
B)Equipment			-	-	-	-
C) Service Vehicles			-	-	-	-
D) Other			-	-	-	-
E) Pupil Transportation	Scotiabank	various	1,261,179	642,090	205,741	1,697,528
Total Loans			$ 1,261,179	$ 642,090	$ 205,741	$ 1,697,528

Labrador School Board

Schedule of Current Maturities
Year Ended June 30,2013

Description	Year 1	Year 2	Year 3	Year 4	Year 5
A) School Construction	$ -	$ -	$ -	$ -	$ -
B)Equipment	-	-	-	-	-
C) Service Vehicles	-	-	-	-	-
D) Other	-	-	-	-	-
E) Pupil Transportation	227,875	175,116	853,101	441,435	-
Total	$ 227,875	$ 175,116	$ 853,101	$ 441,435	$ -

LIVESTOCK OWNERS COMPENSATION BOARD

LIVESTOCK OWNERS COMPENSATION FUND

FINANCIAL STATEMENTS

MARCH 31, 2014

Management's Report

Management's Responsibility for the Livestock Owners Compensation Board, Livestock Owners Compensation Fund Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and liabilities are recognized.

Management is also responsible for ensuring that transactions comply with relevant policies and authorities and are properly recorded to produce timely and reliable financial information.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial information periodically and external audited financial statements yearly.

The Auditor General conducts an independent audit of the annual financial statements of the Board in accordance with Canadian generally accepted auditing standards, in order to express an opinion thereon. The Auditor General has full and free access to financial management of the Livestock Owners Compensation Board.

On behalf of the Livestock Owners Compensation Board.

C. MacDonald

Ms. Cynthia MacDonald, P.Ag.
Director of Agriculture Business Development

June 11, 2014

AUDITOR GENERAL
of Newfoundland and Labrador

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Livestock Owners Compensation Board
St. John's, Newfoundland and Labrador

Report on the Financial Statements

I have audited the accompanying financial statements of the Livestock Owners Compensation Board, Livestock Owners Compensation Fund, which comprise the statement of financial position as at March 31, 2014, and the statement of operations for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independent Auditor's Report (cont.)

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Livestock Owners Compensation Board, Livestock Owners Compensation Fund, as at March 31, 2014, and its financial performance for the year then ended in accordance with Canadian public sector accounting standards.

TERRY PADDON, CA
Auditor General

June 11, 2014
St. John's, Newfoundland and Labrador

LIVESTOCK OWNERS COMPENSATION BOARD
LIVESTOCK OWNERS COMPENSATION FUND
STATEMENT OF FINANCIAL POSITION

As at March 31	2014	2013
FINANCIAL ASSETS		
Cash	$ 9,952	$ 5,177
Due from the Province	1,500	1,500
	11,452	6,677
LIABILITIES		
Accounts payable and accrued liabilities (Note 4)	1,503	6,732
	1,503	6,732
Net financial assets (debt)	9,949	(55)
NON-FINANCIAL ASSETS	-	-
Accumulated surplus (deficit)	$ 9,949	$ (55)

The accompanying notes are an integral part of these financial statements

Signed on behalf of the Board:

C. MacDonald
Chairperson

Gerald Wicks
Member

LIVESTOCK OWNERS COMPENSATION BOARD
LIVESTOCK OWNERS COMPENSATION FUND
STATEMENT OF OPERATIONS
For the Year Ended March 31

	2014 Budget	2014 Actual	2013 Actual
	(Note 7)		
REVENUES			
Province of Newfoundland and Labrador			
Operating grant (Note 6)	$ 10,000	$ 10,000	$ -
Payments on behalf of the Board (Note 6)	9,945	8,710	9,519
Premiums from livestock owners	2,500	2,427	2,701
	22,445	21,137	12,220
EXPENSES (Note 5)			
Indemnity claims	2,200	2,415	7,930
Administration	9,950	8,718	9,524
	12,150	11,133	17,454
Annual surplus (deficit)	10,295	10,004	(5,234)
Accumulated surplus (deficit), beginning of year	(55)	(55)	5,179
Accumulated surplus (deficit), end of year	$ 10,240	$ 9,949	$ (55)

The accompanying notes are an integral part of these financial statements

1. Nature of operations

The Livestock Owners Compensation Board (the Board) operates under the authority of the *Livestock Insurance Act*. The purpose of the Board is to operate the Livestock Owners Compensation Fund to provide insurance to farmers of the Province to restrict the amount of livestock loss. Its affairs are managed by a Board of Directors appointed by the Lieutenant-Governor in Council. These statements are a representation of the activities of the Livestock Owners Compensation Fund.

The Board is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

2. Summary of significant accounting policies

(a) Basis of accounting

The Board is classified as an Other Government Organization as defined by the Canadian public sector accounting standards (CPSAS). These financial statements are prepared by management in accordance with CPSAS for provincial reporting entities established by the Canadian Public Sector Accounting Board. The Board does not prepare a statement of change in net financial assets (debt) and a statement of cash flows as this information is readily apparent from the other statements. In addition, the Board does not prepare a statement of re-measurement gains and losses as the Board does not enter into relevant transactions or circumstances that are being addressed by the statement.

(b) Financial instruments

The Board's financial instruments recognized in the statement of financial position consist of cash, due from the Province, and accounts payable and accrued liabilities. The Board generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. Financial assets and financial liabilities are initially measured at cost, which is the fair value at the time of acquisition.

The Board subsequently measures all of its financial assets and financial liabilities at cost. Financial assets measured at cost include cash and due from the Province. Financial liabilities measured at cost include accounts payable and accrued liabilities.

The carrying values of cash, due from the Province, and accounts payable and accrued liabilities approximate current fair value due to their nature and/or the short-term maturity associated with these instruments.

(c) Cash

Cash includes cash in bank.

2. Summary of significant accounting policies (cont.)

(d) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers (Province of Newfoundland and Labrador contributions) are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except when and to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulations giving rise to the liabilities are settled.

(e) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

The Board is administered as a division of the Department of Natural Resources. Expenses related to salaries, Board remuneration, and professional services are paid directly by the Department and are reflected in these financial statements as expenses of the Board and as revenue from the Province.

Indemnity claims are reported on an accrual basis. Indemnity claims are paid to insured persons upon approval by the Board of submitted insurance claims.

3. Financial risk management

The Board recognizes the importance of managing risks and this includes policies, procedures and oversight designed to reduce risks identified to an appropriate threshold. The only risk that the Board is exposed to through its financial instruments is liquidity risk. There was no significant change in the Board's exposure to this risk or its processes for managing this risk from the prior year.

Liquidity risk

Liquidity risk is the risk that the Board will be unable to meet its contractual obligations and financial liabilities as they come due. The liquidity risk relating to accounts payable and accrued liabilities is considered to be low. The Board manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its contractual obligations and financial liabilities.

4. Accounts payable and accrued liabilities

	2014	2013
Indemnity claim payable to insured persons	$ -	$ 5,229
Accounts receivable credits	3	3
Province of Newfoundland and Labrador	1,500	1,500
	$ 1,503	$ 6,732

5. Expenses by object

The following is a summary of expenses by object:

	2014	2013
Bank charges	$ 8	$ 5
Board remuneration (Note 6)	145	-
Indemnity claims	2,415	7,930
Professional services (Note 6)	1,500	1,500
Salaries (Note 6)	7,065	8,019
	$ 11,133	$ 17,454

6. Related party transactions

The Board is administered by employees of the Department of Natural Resources. Salary costs of $7,065 (2013 - $8,019), Board remuneration costs of $145 (2013 - nil) and professional services cost of $1,500 (2013 - $1,500) applicable to the operation of the Board have been paid by the Department and are reflected in these financial statements as expenses of the Board and as revenue from the Province.

On April 24, 2013, the Board received an operating grant of $10,000 from the Province of Newfoundland and Labrador to use as working capital.

7. Budgeted figures

Budgeted figures, which have been prepared on a cash basis, are provided for comparison purposes and have been approved by the Board of Directors.

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Financial Statements
For the Year Ended April 30, 2014

STATEMENT OF RESPONSIBILITY

The accompanying Financial Statements are the responsibility of the management of the *Marble Mountain Development Corporation* and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

The Board of Directors met with management and it's external auditors to review a draft of the financial statements and to discuss any significant financial reporting or internal control matters prior to their approval of the finalized financial statements.

BDO Canada LLP as the Organization's appointed external auditors, have audited the Financial Statements. The Auditor's Report is addressed to the General Manager and the Board of Directors and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the Financial Statements are free of material misstatement and present fairly the financial position and results of the Municipality in accordance with Canadian public sector standards.

Chris Beckett
General Manager

Jonathan MacDonald
Manager of Finance and Administration

BDO

Tel: 709 634 1590
Fax: 709 634 1599
www.bdo.ca

BDO Canada LLP
50 Main Street
Suite 300
Corner Brook NL A2H 1C4 Canada

INDEPENDENT AUDITOR'S REPORT

To the General Manager and Board of Directors
MARBLE MOUNTAIN DEVELOPMENT CORPORATION

We have audited the accompanying consolidated financial statements of Marble Mountain Development Corporation, which comprise the consolidated statement of financial position as at April 30, 2014 and the consolidated statements of operations, change in net financial asset (net debt), cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectivess of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Marble Mountain Development Corporation as of April 30, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Corner Brook, NL
May 22, 2014

BDO Canada LLP
CHARTERED ACCOUNTANTS

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
As at April 30, 2014

	2014	2013
FINANCIAL ASSETS		
Cash and bank	$ 3,232	$ 3,000
Accounts receivable (Note 4)	44,569	55,275
	$ 47,801	$ 58,275
LIABILITIES		
Bank Indebtedness (Note 7)	$ 1,599,947	$ 1,395,492
Accounts payable and accrued liabilities (Note 8)	190,099	358,840
Current portion of obligations under capital lease (Note 12)	65,113	57,929
Deferred revenue (Note 4)	21,500	28,165
Deferred grant (Note 11)	840,000	840,000
Long-term debt (Note 15)	300,000	300,000
Obligations under capital lease (Note 3 and Note 12)	170,672	197,851
Deferred government assistance (Note 3 and Note 9)	5,986,287	5,896,290
	9,173,619	9,074,567
NET FINANCIAL ASSETS (DEBT)	$ (9,125,818)	$ (9,016,292)
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1) (Note 3)	$ 13,435,602	$ 14,147,774
Inventory (Note 3)	37,137	35,754
Deferred Charges (Note 5)	18,522	-
Prepaid expenses (Note 6)	9,701	28,470
	13,500,962	14,211,998
ACCUMULATED SURPLUS	$ 4,375,144	$ 5,195,706

Approved on behalf of Board:

Mike Dalker

The accompanying notes are an integral part of these financial statements
BDO Canada LLP, Chartered Accountants

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
STATEMENT OF OPERATIONS
Year Ended April 30, 2014

	2014 Actual	2013 Actual
REVENUES		
Lift Operations (Schedule 2)	$ (318,774)	$ (330,385)
Repair Shop (Schedule 3)	33,499	31,154
Rental (Schedule 4)	136,088	134,349
Cafeteria (Schedule 5)	10,189	29,560
Bar (Schedule 6)	66,096	41,840
Ski School (Schedule 7)	13,841	19,646
Events (Schedule 8)	57,629	16,733
Marketing (Schedule 9)	(47,003)	(40,425)
Marble Villa (Schedule 10)	148,851	128,677
Operating Grant	390,000	394,000
Wage Subsidy Grant	1,440	1,326
Gain on Disposal of Assets	4,620	-
Total revenues	496,474	426,475
EXPENSES		
Administration	36,396	20,373
Bad Debts	-	-
Board and Committee Meetings	1,045	1,535
Communications	16,323	14,848
Directors Fees	4,255	4,475
Donations	9,439	1,226
Interest and Bank Charges	51,980	63,928
Interest on Capital Leases	15,511	17,073
Labour	219,304	224,376
Miscellaneous	6,551	2,483
Professional Fees	16,397	8,888
Travel and Conference	9,187	13,067
Total expenses	386,387	372,272
ANNUAL SURPLUS	110,087	54,203
ACCUMULATED SURPLUS, BEGINNING OF YEAR	5,195,706	6,077,618
AMORTIZATION FOR THE YEAR	(930,649)	(936,115)
ACCUMULATED SURPLUS, END OF YEAR	4,375,144	5,195,706

The accompanying notes are an integral part of these financial statements
BDO Canada LLP, Chartered Accountants

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)
Year ended April 30, 2014

	2014	2013
ANNUAL SURPLUS (DEFICIT)	$ 110,087	$ 54,203
Acquisition of tangible capital assets	(582,001)	(519,704)
Amortization of deferred grants	350,744	337,222
Gain on Disposal of capital assets	(4,620)	
Proceeds on disposal of tangible capital assets	17,400	-
Decrease (Increase) in deferred charges	(18,522)	7,253
Decrease (Increase) in inventories	(1,383)	(1,880)
Decrease (Increase) in prepaids	18,769	(5,260)
	(219,613)	(182,369)
CHANGE IN NET FINANCIAL ASSETS	(109,526)	(128,166)
NET FINANCIAL ASSETS (NET DEBT), BEGINNING OF YEAR	(9,016,292)	(8,888,126)
NET FINANCIAL ASSETS (NET DEBT), END OF YEAR	$ (9,125,818)	$ (9,016,292)

The accompanying notes are an integral part of these financial statements

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOW
Year Ended April 30, 2014

	2014	2013
OPERATING ACTIVITIES		
Annual surplus	$ 110,087	$ 54,203
Items not affecting cash		
Amortization of tangible assets	1,281,391	1,273,338
Adjustment to surplus	(930,649)	(936,115)
Gain of disposal of capital assets	(4,620)	-
Changes in non-cash items		
Accounts receivable	32,206	(29,128)
Accounts payable and accrued liabilities	(168,741)	(318,703)
Deferred revenue	(28,165)	16,665
Prepaid expenses	18,769	(5,260)
Inventory	(1,383)	(1,878)
Deferred charges	(18,522)	7,253
Deferred government grant	-	840,000
Deferred government assistance	89,997	162,777
Cash Flow from Operating Activities	380,370	1,063,152
INVESTING ACTIVITIES		
Cash used to acquire tangible capital assets	(582,001)	(519,707)
Proceeds on disposal of tangible capital assets	17,400	-
Cash Flow from Investing Activities	(564,601)	(519,707)
FINANCING ACTIVITIES		
Proceeds (repayment) of Bank Indebtedness	204,452	(488,938)
Proceeds from Obligations Under Capital Lease	47,939	-
Repayment of Obligations Under Capital Leases	(67,928)	(59,587)
Cash Flow from (used by) Financing Activities	184,463	(548,525)
INCREASE (DECREASE) IN CASH FLOW	232	(5,080)
CASH AND BANK, BEGINNING OF YEAR	3,000	8,080
CASH AND BANK, END OF YEAR	$ 3,232	$ 3,000
CASH CONSISTS OF:		
CASH	3,232	3,000

The accompanying notes are an integral part of these financial statements
BDO Canada LLP, Chartered Accountants

1. Description of Operations

The Organization is an "Other Government Organization" (OGO) incorporated under the Corporations Act of Newfoundland and Labrador. Its affairs are managed by a Board of Directors appointed by the Lieutenant Governor in Council. The Province of Newfoundland and Labrador holds 100% of the issued common shares. The Corporation is a non-for-profit organization under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. Management's Responsibility for the Financial Statements

The financial statements of the Other Government Organization are the responsibilty of management. They have been prepared in accordance with Canadian public sector accounting standards.

3. Significant Accounting Policies

a) Basis of Accounting

These financial statements have been prepared using Canadian public sector accounting standards.

b) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand.

c) Inventory

Inventory is valued at cost

d) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly

Area Improvements	30 years
Buildings	15-40 years
Computer Equipment	3 years
Equipment under Capital Lease	10 years
Furniture and fixtures	5 years
Lifts	30 years
Rental Equipment	3 years
Signs	5 years
Vehicles	3-20 years

e) Government Assistance and Other Contributions

Provincial government grants and other contributions related to the acquisitions of capital assets are accounted for as contributed surplus. Federal government grants and other contributions related to the acquisitions of capital assets are recorded as deferred government grants and amortized to income in relation to the amortization of the asset involved. Government assistance and other contributions related to capital assets retired from service are credited against the related capital asset in the year of retirement.

Government grants related to operations are accounted for as revenue or as a reduction of the expense to which the grant relates.

f) Government Transfers

Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

g) Revenue Recognition

Revenue from sales is recognized when the significant risks and rewards of ownership have been completed and there are no significant obligations remaining, the sales price is fixed and determinable, persuasive evidence of an arrangement exists and collectibility is reasonably assured. This usually occurs at the time the services are provided.

h) Leased Assets

Leases entered into that transfer substantially all the benefits and risks associated with ownership are recorded as the acquisition of a tangible capital asset and the incurrence of an obigation. The asset is amortized in a manner consistent with tangible capital assets owned by the Organization, and the obligation, including interest thereon, is liquidated over the term of the lease. All other leases are accounted for as operating leases and the rental costs are expensed as incurred.

i) Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from manangement's best estimates as additional information becomes available in the future.

4. Accounts Receivable

	2014	2013
Trade	$ 33,066	$ 55,275
Deferred Revenue	(21,500)	(28,165)
	$ 11,566	$ 27,110

The deferred revenue account records any deposits on events for the upcoming year

5. Deferred Charges

During the year the organization purchased uniforms for its employees in the amount of $27,783. As discussed with management, these uniforms will be amortized over a period of three years. The amount amortized in 2014 $9,261.

6. Prepaid Expenses

	2014	2013
Lease of Assets	$ 1,651	$ 7,210
Computer Support	3,738	-
Automation	4,311	5,260
Property Agreement	-	16,000
	$ 9,701	$ 28,470

7. Bank Indebtedness

The line of credit is authorized in the amount of $2,087,000 and bears interest at the rate of bank prime. It is secured by a Provinical Government guarantee and letter of indemnity and overdraft agreement signed by the Board of Directors

8. Accounts Payable and Accrued Liabilities

	2014	2013
Trade	$ 183,158	$ 356,307
HST Payable	(8,287)	(9,952)
Payroll Deductions Payable	15,228	12,485
	$ 190,099	$ 358,840

9. Deferred Government Assistance - Capital Assets

	2014	2013
Balance, beginning of year	$ 5,896,290	$ 5,733,513
Plus: Deferred government assistance received for the year	450,000	500,000
Less: Amount transferred to income by reduction of the amortization expense for the year	(360,003)	(337,223)
	$ 5,986,287	$ 5,896,290

10. Government Assistance and Other Contributions - Operations

	2014	2013
Administrative Operating Grant	$ **390,000**	$ 390,000
Capital Grants	**450,000**	450,000
Marketing Grants	**150,000**	150,000
	$ **990,000**	$ 990,000

11. During the year the operating grant for the 2014/2015 fiscal year was received. This has been set up as a deferred grant to be taken into revenue over the next fiscal year.

12. Obligations under Capital Lease

	2014	2013
National Leasing repaid during the year	-	7,036
National Leasing bearing interest at 5.65% per annum, repayable in monthly blended payments of $4,960. The lease matures on November 1, 2016 and is secured by a charge over specific equipment.	**195,426**	242,449
National Leasing repaid during the year	-	6,295
National Leasing bearing interest at 6.5% per annum, repayable in monthly blended payments of $1461. The lease matures on November 1, 2016 and is secured by a charge over specific equipment.	**40,360**	-
	$ **235,785**	$ 255,780
Amounts payable within one year	**(65,113)**	(57,929)
	$ **170,672**	$ 197,851

13. Contingent Liability

As at April 30, 2014, a supplier had claimed that the Organization owed it approximately $70,005 for services rendered. The Organization's management feels the claim is unfounded and the likelihood of any loss resulting therefrom is undeterminable. Therefore, the Organization has not recorded a provision for losses that may result from the claim.

14. Related Party Transactions

During the year ended April 30, 2014, director's fees of $4,255(2013 - $4,475) were paid in aggregate to the Board of Directors of the Organization.

15. Long Term Debt

	2014	2013
Department of Innovation, Rural Development and Trade loan secured by a chattel mortgage on specific equipment. The repayments required to meet retirement provisions are based on available cash flow which is defined as net profit plus amortization less principal payments on long term debt and capital leases. The Organziation has until 2015 to repay the loan in full.	$300,000	$300,000

16. Capital Management

The organization's capital consists of shareholder equity. The organization's primary objectives in managing its capital consist of safeguarding its ability to continue as a going concern and sourcing sufficient capital to provide its services. The organization's primary policy in regards to managing capital is a requirement that committed future expenditures do not exceed current capital resources. The corporation's primary process for amanaging capital consists of the ongoing assessment of current capital resources against budgeted events and administrative expenditures. The organization is not subject to any externally imposed capital requirements. There have been no changes in the corporation's objectives for managing capital or the definition thereof as compared to the previous year.

17. Patrol Operating Expenses

	2014	2013
Labour	$ 74,339	$ 59,446
Supplies	8,162	4,924
Telephone	714	350
Radio Rental	1,240	540
Sundry	3,734	3,641
	$ 88,189	$ 68,901

Marble Mountain Development Corporation
SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year Ended April 30, 2014

(Schedule 1)

	Area Improvements	Buildings	Computer Equipment	Equipment Under Capital Lease	Furniture and Fixtures	Lifts	Rental Equipment	Signs	Vehicles	Totals 2014	Totals 2013
Cost											
Opening costs	$ 10,721,693	$ 10,611,966	$ 67,258	$ 643,389	$ 805,585	$ 5,378,421	$ 111,521	$ 96,782	7,697,005	$ 36,133,620	$ 35,613,916
Additions during the year	35,507	-	51,748	40,257	21,077	23,151	17,832	-	392,430	582,001	519,704
Disposals and write downs	-	-	-	(26,589)	-	-	-	-	(16,699)	(43,288)	-
Closing costs	10,757,200	10,611,966	119,006	657,057	826,662	5,401,572	129,353	96,782	8,072,736	36,672,333	36,133,620
Accumulated Amortization											
Opening accum'd amortization	6,830,216	4,388,728	33,007	294,677	805,585	3,186,177	111,521	96,782	6,239,153	21,985,846	20,712,508
Amortization	357,982	265,300	31,044	68,390	2,108	174,596	2,972	-	378,999	1,281,391	1,273,338
Disposals and write downs	-	-	-	(22,157)	-	-	-	-	(8,349)	(30,506)	-
Closing accum'd amortization	7,188,198	4,654,028	64,051	340,910	807,693	3,360,773	114,493	96,782	6,609,803	23,236,731	21,985,846
Net Book Value of Tangible Capital Assets	$ 3,569,002	$ 5,957,938	$ 54,955	$ 316,147	$ 18,969	$ 2,040,799	$ 14,860	$ -	$ 1,462,933	$ 13,435,602	$ 14,147,774

The accompanying notes are an integral part of these financial statements
BDO Canada LLP, Chartered Accountants

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Lift Operations

(Schedule 2)

Year Ended April 30, 2014

	2014	2013
Revenue		
Lift Ticket Revenue	$ 589,112	$ 558,160
Season Pass Revenue	611,371	565,841
Children Center Revenue	9,319	8,082
Miscellaneous Revenue	62,865	50,040
	1,272,667	1,182,123
Expenditures		
Children's centre	11,523	14,777
Communications	7,684	4,902
Management contract	100,800	103,600
Equipment rental	1,462	8,882
Heating and electricity	160,150	151,059
Insurance	94,769	117,748
Interest and bank charges	52,727	46,981
Labour	450,703	387,558
Lift repairs	98,279	136,821
Maintenance		
Building	47,172	30,824
Slopes	29,148	40,591
Miscellaneous	20,540	19,803
Municipal fees	40,000	24,000
Security	299	299
Patrol expenses *(Note 17)*	88,189	68,901
Snowclearing	29,400	40,690
Snowmaking		
Electricity	97,541	87,589
Labour	30,865	23,065
Equipment maintenance	34,919	67,632
Supplies	32,394	28,659
Vehicle operating		
Repairs	78,609	37,708
Fuel	79,733	62,340
Uniforms	4,535	8,079
	1,591,441	1,512,508
Income from operations	$ (318,774)	$ (330,385)

The accompanying notes are an integral part of these financial statements.

BDO Canada LLP, Chartered Accountants

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
Repair Shop

(Schedule 3)

Year Ended April 30, 2014

	2014	2013
Revenue	**$ 54,015**	$ 48,418
Expenditures		
Labour	**19,104**	16,218
Supplies	**1,412**	1,046
	20,516	17,264
Income from operations	**$ 33,499**	$ 31,154

The accompanying notes are an integral part of these financial statements.
BDO Canada LLP, Chartered Accountants

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Rental *(Schedule 4)*

Year Ended April 30, 2014

	2014	2013
Revenue	$ 187,039	$ 178,201
Expenditures		
Communications	231	231
Labour	49,162	42,499
Supplies	1,558	1,122
	50,951	43,852
Income from operations	$ 136,088	$ 134,349

The accompanying notes are an integral part of these financial statements.
BDO Canada LLP, Chartered Accountants

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Cafeteria

(Schedule 5)

Year Ended April 30, 2014

	2014	2013
Revenue	$ 257,802	$ 220,316
Cost of sales	130,531	104,468
Gross profit	127,271	115,848
Expenditures		
Communications	527	949
Labour	90,185	75,101
Miscellaneous	2,867	503
Repairs and maintenance	12,855	2,831
Supplies	10,649	6,904
	117,082	86,288
Income from operations	$ 10,189	$ 29,560

The accompanying notes are an integral part of these financial statements.

BDO Canada LLP, Chartered Accountants

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Bar

(Schedule 6)

Year Ended April 30, 2014

	2014	2013
Revenue	$ 183,650	$ 151,466
Cost of sales	64,888	59,890
Gross profit	118,762	91,576
Expenditures		
Communications	290	168
Entertainment	4,475	3,750
Labour	37,230	30,419
Licenses and fees	800	-
Repairs and maintenance	78	1,238
Security	3,082	943
Special Events - Bar	-	8,226
Supplies	4,692	3,525
Utilities	2,019	1,467
	52,666	49,736
Income from operations	$ 66,096	$ 41,840

The accompanying notes are an integral part of these finanical statements.

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
Ski School
(Schedule 7)

Year Ended April 30, 2014

	2014	2013
Revenue	$ 137,510	$ 127,641
Expenditures		
Communications	1,004	410
Kruncherѕ Club	3,008	5,199
Labour	113,011	95,988
Miscellaneous	3,056	1,081
Supplies	897	2,079
Training	2,694	3,238
Uniforms	-	-
	123,669	107,995
Income from operations	$ 13,841	$ 19,646

The accompanying notes are an integral part of these financial statements.
BDO Canada LLP, Chartered Accountants

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Events

(Schedule 8)

Year Ended April 30, 2014

	2014	2013
Revenue		
Events	$ 225,124	$ 154,412
BBQ	11,538	6,544
	236,662	160,956
Cost of sales		
Events	62,306	35,554
BBQ	4,792	2,043
	67,098	37,597
Gross profit	169,564	123,359
Expenditures		
Communications	526	233
Interest and bank charges	-	5,137
Labour	94,974	73,576
Labour - BBQ	4,762	10,475
Maintenance	916	4,670
Miscellaneous	5,524	2,685
Security	-	1,442
Supplies	2,844	3,385
Supplies - BBQ	2,388	5,023
	111,935	106,626
Income from operations	$ 57,629	$ 16,733

The accompanying notes are an integral part of these financial statements.
BDO Canada LLP, Chartered Accountants

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
Marketing

(Schedule 9)

Year Ended April 30, 2014

	2014	2013
Revenue		
Sponsorships	$ 38,477	$ 22,000
Marketing Revenue - Advertising	25,558	$ 14,070
Marketing Grant	150,000	196,000
	214,035	232,070
Expenditures		
Advertising		
Internet	-	-
Partnership Contributions	2,049	1,933
Print	3,374	-
Digital Media	211	-
Communications	3,457	3,435
Labour	78,009	49,921
Marketing agency	155,000	208,800
Membership fees	4,173	2,588
Office and postage	-	17
Ski shows and familiarization tours		605
Supplies	10,176	5,196
Travel and meetings	2,876	-
Uniforms	1,713	-
	261,038	272,495
Income from operations	$ (47,003)	$ (40,425)

The accompanying notes are an integral part of these financial statements.
BDO Canada LLP, Chartered Accountants

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Marble Villa

Year Ended April 30, 2014

(Schedule 10)

	2014	2013
Revenue	**$ 326,445**	$ 285,728
Expenditures		
Cable television	**5,540**	5,168
Communications	**6,159**	6,036
Heat and light	**41,209**	35,538
Labour	**62,936**	68,187
Insurance	**5,097**	6,019
Interest and bank charges	**10,902**	1,213
Laundry	**510**	497
Marketing	**3,550**	4,725
Miscellaneous	**742**	1,002
Repairs and maintenance	**24,203**	22,245
Supplies	**16,747**	6,421
	177,595	157,051
Income from operations	**$ 148,851**	$ 128,677

The accompanying notes are an integral part of these financial statements.

BDO Canada LLP, Chartered Accountants

MEMORIAL UNIVERSITY OF NEWFOUNDLAND
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014

INDEPENDENT AUDITORS' REPORT

To the Board of Regents of
Memorial University of Newfoundland

We have audited the accompanying consolidated financial statements of **Memorial University of Newfoundland** which comprise the consolidated statement of financial position as at March 31, 2014 and the consolidated statements of operations, remeasurement gains, changes in net deficiency and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Memorial University of Newfoundland** as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst + Young LLP

Chartered Accountants

St. John's, Canada
July 3, 2014

Memorial University of Newfoundland **Statement 1**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31
[thousands of dollars]

	2014	2013
ASSETS		
Current		
Cash and cash equivalents	19,511	13,528
Restricted cash *[note 4]*	7,426	6,756
Short-term investments *[note 6]*	132,171	110,429
Accounts receivable	64,871	87,806
Other current assets	7,400	6,697
Total current assets	231,379	225,216
Portfolio investments *[note 6]*	107,684	101,733
Assets under construction *[note 8]*	141,954	160,050
Tangible capital assets *[note 7]*	241,375	191,017
Total assets	722,392	678,016
LIABILITIES		
Current		
Bank indebtedness *[note 5]*	12,533	13,748
Accounts payable and accrued liabilities	63,235	65,150
Deferred revenue	37,347	43,197
Deferred contributions - external grants and donations *[note 10]*	97,498	89,179
Current portion of long term debt *[note 11]*	517	514
Total current liabilities	211,130	211,788
Long term debt *[note 11]*	312	829
Derivative liability	1,643	2,167
Post-employment benefits *[note 12]*	171,817	158,342
Deferred capital contributions *[note 9]*	362,473	327,648
Total liabilities	747,375	700,774
NET DEFICIENCY		
Net assets restricted for endowment purposes	74,018	69,089
Net assets related to remeasurement gains	7,255	1,916
Unrestricted net deficiency	(106,256)	(93,763)
Total net deficiency	(24,983)	(22,758)
Total liabilities and net deficiency	722,392	678,016

See accompanying notes
Contingencies [note 13]

On behalf of the Board:

Chair of the Board of Regents

Chair of the Finance Committee

Memorial University of Newfoundland **Statement 2**

CONSOLIDATED STATEMENT OF OPERATIONS

Year ended March 31
[thousands of dollars]

	2014	2013
REVENUE		
Government grants	**444,274**	423,694
Student fees	**62,469**	62,711
Other income	**61,489**	56,701
Amortization of deferred capital contributions *[note 9]*	**25,561**	22,847
Sales and services	**13,612**	11,393
Investment income	**7,701**	6,364
	615,106	583,710
EXPENSES		
Salaries and employee benefits	**412,558**	398,913
Materials and supplies	**37,061**	36,836
Repairs and maintenance	**32,486**	32,471
Utilities	**28,218**	25,451
Scholarships, bursaries and awards	**26,567**	26,773
Amortization of tangible capital assets	**25,789**	21,986
Other operating expenses	**17,242**	12,686
Travel and hosting	**16,733**	16,249
Externally contracted service	**16,720**	15,813
Post-employment benefits *(note 12)*	**13,476**	11,474
Professional fees	**11,786**	12,615
Equipment rentals	**4,096**	4,177
Interest expense	**587**	623
External cost recoveries	**(19,132)**	(19,758)
	624,187	596,309
Excess of expenses over revenue	**(9,081)**	(12,599)

See accompanying notes

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS

Year ended March 31
[thousands of dollars]

	2014	2013
Accumulated remeasurement gains at beginning of year	**1,916**	-
Unrealized gains attributable to:		
Portfolio investments	**6,427**	1,979
Derivative liability	**534**	181
Amounts reclassified to consolidated statement of operations:		
Portfolio investments	**(1,622)**	(244)
Accumulated remeasurement gains at end of year	**7,255**	1,916

See accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN NET DEFICIENCY

As at March 31
[thousands of dollars]

	Net Assets Restricted for Endowment Purposes	Net Assets Related to Remeasurement Gains	Unrestricted Net Deficiency	2014	2013
Balance, beginning of year	69,089	1,916	(93,763)	(22,758)	(15,984)
Change in remeasurement gains for the current year	-	5,339	-	5,339	1,916
Excess of revenue over expense (expense over revenue)	3,412	-	(12,493)	(9,081)	(12,599)
Endowment contributions	1,517	-	-	1,517	3,909
Balance, end of year	74,018	7,255	(106,256)	(24,983)	(22,758)

See accompanying notes

Memorial University of Newfoundland **Statement 5**

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31
[thousands of dollars]

	2014	2013
OPERATING ACTIVITIES		
Excess of expenses over revenue	(9,081)	(12,599)
Items not affecting cash:		
Amortization of tangible capital assets	25,789	21,986
Amortization of deferred capital contributions	(25,561)	(22,847)
Loss on disposal of tangible capital assets	48	135
Increase in post-employment benefits, net	13,475	11,474
Change in non-cash working capital	22,796	1,974
Cash provided by operating activities	27,466	123
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(76,195)	(59,762)
Net change in assets under construction (purchases less transfers)	18,096	(53,950)
Contributions received for capital purposes	60,386	115,551
Cash provided by capital activities	2,287	1,839
INVESTING ACTIVITIES		
Increase (decrease) in short-term investments, net	(21,742)	4,107
Increase in restricted cash, net	(670)	(561)
Increase in portfolio investments, net	(1,146)	(4,926)
Cash used in investing activities	(23,558)	(1,380)
FINANCING ACTIVITIES		
Decrease in bank indebtedness, net	(1,215)	(1,391)
Endowment contributions	1,517	3,909
Decrease in long-term debt, net	(514)	(110)
Cash (used in) provided by financing activities	(212)	2,408
Net change in cash and cash equivalents during the year	5,983	2,990
Cash and cash equivalents, beginning of year	13,528	10,538
Cash and cash equivalents, end of year	19,511	13,528

See accompanying notes

1. AUTHORITY AND PURPOSE

Memorial University of Newfoundland [the "University"] is a corporation operating under the authority of the *Memorial University Act*. It is a comprehensive research university offering a full range of undergraduate, graduate and continuing studies programs. The academic governance of the University is vested in the Senate. The University is a government not-for-profit organization [GNPO], governed by a Board of Regents, the majority of whom are appointed by the Government of Newfoundland and Labrador. The University is a registered charity under the *Income Tax Act [Canada]* and, accordingly, is exempt from income taxes, provided certain requirements of the *Income Tax Act [Canada]* are met.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements of the University have been prepared by management in accordance with Canadian public sector accounting standards for GNPO's, including the 4200 series of standards, as issued by the Public Sector Accounting Board [PSAB].

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the University and the following not-for-profit organizations, which are controlled by the University:

C-CORE
Campus Childcare Inc.
The Canadian Centre for Fisheries Innovation
Genesis Group Inc.
The Memorial University of Newfoundland Botanical Garden Incorporated (dissolved April 2013)
Memorial University Recreation Complex
Newfoundland Quarterly Foundation (dissolved April 2013)
Western Sports and Entertainment Inc.

All intercompany assets and liabilities, revenues and expenses have been eliminated.

The reported operations and financial positions of dissolved entities have been included in the consolidated financial statements up to the date of their dissolution.

Use of estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and reported amounts of revenues and expenses during the year at the date of the consolidated financial statements. Actual results could differ from these estimates. Estimates are reviewed periodically, and as adjustments become necessary, they are reported in the earnings of the period during which they became known. Areas of key estimation include actuarial assumptions for post-employment benefits, allowance for doubtful accounts, amortization rates and cost of assets under construction.

Revenue recognition

Revenues from contracts, sales, unrestricted investment income [interest, dividends, realized gains and losses], other ancillary services [parking, residence, sundry sales, etc.] and student fees are recognized when the goods or services are provided and collection is reasonably assured.

The University follows the deferral method of accounting for contributions, which include donations and government grants, as follows:

> Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
>
> Contributions externally restricted for purposes other than endowment are initially deferred and recognized as revenue in the year during which the related expenses are incurred.
>
> Restricted contributions for the purchase of capital assets are deferred and amortized to operations on the same basis as the related asset.
>
> Endowment contributions are recognized as direct increases in the net assets in the year during which they are received.
>
> Restricted investment income [interest, dividends, realized gains and losses] is recognized in the year in which the related expenses are incurred.
>
> Restricted investment income [interest, dividends, realized gains and losses] that must be maintained as an endowment is recorded as a direct increase/decrease to net assets.

Expense recognition

Expenses are recorded on the accrual basis as they are incurred and measureable based on receipt of goods or services and obligation to pay.

Cash and cash equivalents

Cash and cash equivalents include cash on deposit, investments in money-market funds and short-term investments with original terms to maturity of 90 days or less. Cash and cash equivalents held by external investment managers for investing rather than liquidity purposes are classified as investments.

Tangible capital assets

Purchased tangible capital assets are recorded at cost less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of acquisition. Repairs and maintenance expenditures are charged to operations. Betterments which meet certain criteria are capitalized.

The University's permanent art collection is expensed when purchased and the value of donated art is not recognized in these consolidated statements.

The University's library collection is capitalized and recorded at cost.

Assets under construction are not recorded as tangible capital assets, or amortized, until the asset is put into service.

Assets under capital lease are recorded as tangible capital assets and amortized on the same basis as the underlying asset.

Tangible capital assets are amortized over their useful lives using the following methods and rates. Half a year's amortization is taken in the year of acquisition and no amortization is taken in the year of disposal.

Asset	Rate	Method
Buildings	8%	Declining balance
Furniture and equipment	20%	Declining balance
Computers	30%	Declining balance
Software	20%	Declining balance
Vehicles and vessels	30%	Declining balance
Library collection	10 years	Straight line

Impairment of long-lived assets

Tangible capital assets are written down when conditions indicate they no longer contribute to the University's ability to provide goods and services, or when the value of the future economic benefits associated with the tangible capital assets is less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations. Any associated unamortized deferred capital contributions related to the derecognized assets is recognized in income.

Post-employment benefits

Pension plan

The employees of the University participate in a defined benefit pension plan [the Plan] administered under the *Memorial University Pensions Act* with any deficiencies being funded by the Province of Newfoundland and Labrador. Payments to the Plan consist of contributions from employees together with matching amounts from the University plus any additional amounts required to be paid by an employer as prescribed in the *Pension Benefits Act (1997)* [PBA]. In addition to its matching contributions, the University made a special payment of $20.3 million to the Plan during the year. This payment was made against the going concern unfunded liability, not attributable to indexing, that was identified in the December 31, 2012 valuation of the Plan. With respect to a solvency deficiency, the PBA requires that an employer contribute an amount sufficient to liquidate the deficiency within five years of the solvency valuation date. The University's contributions to the pension plan are recorded as an expense in the consolidated statement of operations. The assets and obligations of the plan are not recorded in these consolidated financial statements.

An actuarial valuation of the Plan was performed for funding purposes as at December 31, 2012 and the results of the valuation and its extrapolation to March 31, 2013 were reported upon in the March 31, 2013 financial statements. During the 2013/2014 fiscal year, the valuation was revised to reflect changes to certain economic and demographic assumptions. This included a change in the discount rate from 6.0% to 6.3% and a change in the retirement age assumption to reflect the fact that since mandatory retirement was eliminated, a number of Plan members are electing to work beyond age 65. The impact of these changes is disclosed and addressed in the March 31, 2014 financial statements of the pension plan. The revised assumptions have been incorporated into the valuation prepared as at December 31, 2013 and the results have been extrapolated to March 31, 2014 for financial statement reporting.

The extrapolation revealed that the going concern unfunded liability is $295.8 million at March 31, 2014 based on current Plan provisions and PBA requirements. Under the PBA, a going concern unfunded liability must be funded over a period of not more than 15 years while a solvency deficiency must be funded over a maximum five-year period. A portion of the going concern unfunded liability relates to the past service cost of indexing, introduced under the Plan, effective July 1, 2004. A funding arrangement was implemented coinciding with the introduction of indexing to liquidate this unfunded liability over a period of 40 years. At March 31, 2014, approximately 30.25 years are remaining in the amortization schedule. The indexing liability is amortized on a declining balance basis along with recognition that if the indexing contributions (i.e., an additional 0.6% of payroll being made by both the University and employees) exceed the originally scheduled amortization payment, that 15 years' worth of these excess contributions can be accounted for when determining the University's special payments.

The University is required to make special payments to fund the going concern unfunded liability revealed in the December 31, 2012 actuarial valuation. As at December 31, 2012 the going concern unfunded liability was $292.7 million. The portion of the going concern unfunded liability (after accounting for the indexing liability) to be amortized was $220.0 million and the required amortization payment for fiscal 2014/2015 is $22.6 million (or 7.2% of pensionable payroll) (2013/2014 - $20.3 million). University special payments will continue at this level (i.e., 7.2% of pensionable payroll) until the next actuarial valuation for funding purposes, which is due no later than December 31, 2015 (i.e., within three years of the December 31, 2012 actuarial valuation).

With respect to solvency, the University is exempt from the solvency funding requirements of the PBA until December 31, 2015.

Other post-employment benefits

In addition to the University's pension plan, the University also has defined benefit plans for other post-employment benefits. These benefits are actuarially determined using the projected benefit method prorated on service and the administration's best estimate of salary escalation, retirement ages of employees and escalation on covered benefit expense outlays. Actuarial gains and losses will be amortized over the average remaining service life of employees.

The post-employment benefits are:

Supplemental Retirement Income Plan
Voluntary Early Retirement Income Plan
Other benefits [severance, group life insurance and health care benefits]

Additional disclosure is provided in note 12.

Financial instruments

The University classifies its financial instruments as either fair value or amortized cost. The accounting policy for each category is as follows:

Fair value

This category includes cash and cash equivalents, restricted cash, bank indebtedness, derivatives and equity investments quoted in an active market for identical assets or liabilities using the last bid price. The University has designated its bond portfolio that would otherwise be classified into the amortized cost category at fair value as the University manages and reports performance of it on a fair value basis.

These financial instruments are initially recognized at fair value and subsequently carried at fair value.

Transaction costs related to these financial instruments in the fair value category are expensed as incurred.

Unrealized changes in fair value are recognized in the consolidated statement of remeasurement gains until they are realized, when they are transferred to the consolidated statement of operations.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and recognized in the consolidated statement of operations. On sale, the amount held in accumulated remeasurement gains with that instrument is removed from net assets and recognized in the consolidated statement of operations.

Amortized cost

This category includes short term investments, accounts receivable, accounts payable and accrued liabilities and debt. They are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Short term investments consist of investments in debt securities, whether or not quoted in an active market, initially recorded at fair value plus financing fees and transaction costs that are directly attributable to their acquisition or disposal. These debt securities are thereafter carried at amortized cost using the straight line amortization method.

Write-downs of financial assets in the amortized cost category are recognized when the amount of the loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the consolidated statement of operations.

Derivative financial instruments

Derivative financial instruments are utilized by the University in the management of interest rate exposure related to its bank indebtedness. The University may also enter into foreign exchange forward contracts to eliminate the risk of fluctuating foreign exchange rates on future commitments. The University does not utilize derivative financial instruments for trading or speculative purposes.

The University enters into interest rate swaps in order to reduce the impact of fluctuating interest rates on its floating rate bank indebtedness. These swap agreements require the periodic exchange of payments without the exchange of the notional principal amount on which the payments are based.

Contributed materials and services

If contributed materials meet the definition of a tangible capital asset, and fair value is determinable, the University capitalizes and amortizes the tangible capital asset. All other contributed materials are not recognized in these consolidated financial statements.

Volunteers, including volunteer efforts from the staff of the University, contribute an indeterminable number of hours per year to assist the University in carrying out its service delivery activities. The cost that would otherwise be associated with these contributed services is not recognized in these consolidated financial statements.

Agency obligations

The University acts as an agent which holds resources and makes disbursements on behalf of various unrelated groups. The University has no discretion over such agency transactions. Resources received in connection with such agency transactions are reported as liabilities and subsequent distributions are recorded as decreases in these liabilities.

3. MEMORIAL UNIVERSITY ACT

In accordance with the *Memorial University Act*, the University is normally prohibited from recording a deficit on its consolidated financial statements in excess of ¼ of 1% of its total revenue.

During 1996, pursuant to Section 36 of the *Memorial University Act*, the University received approval from the Lieutenant-Governor in Council to record a deficit of up to $5.0 million in 1996 and an additional $10.0 million in 1997 as a result of the recognition of the liabilities related to VERIP for faculty and staff.

During 2001, the University received approval from the Lieutenant-Governor in Council to exclude from the definition of a deficit, pursuant to Section 36 of the *Memorial University Act*, any amounts resulting from the recognition of the liabilities related to recording vacation pay entitlements, severance and other post-employment benefits.

4. RESTRICTED CASH

Restricted cash consists of premiums paid to Manulife Financial on behalf of employees which are held in an interest-bearing bank account to be used to fund future rate increases or enhancements in the long-term disability and basic term life insurance plans. The related liability is included in accounts payable and accrued liabilities.

5. BANK INDEBTEDNESS

Pursuant to Section 41 of the *Memorial University Act*, the University has received approval from the Lieutenant-Governor in Council to borrow to finance two capital projects. The projects involved the construction of a new residence complex for Grenfell Campus [Project 1] and the implementation of an energy performance program in five buildings on the University's main campus in St. John's [Project 2]. The debt has been negotiated using bankers' acceptances [BA's] which mature during the 2014/15 fiscal year. Management expects to refinance these loans through BA's for the balance of the term of the loan. Disclosure related to interest rate risk is provided in *note 14*.

Derivative liability

Project 1 interest rate swap transaction involves the exchange of the underlying floating rate Canadian BA for a fixed interest rate of 4.76% expiring April 12, 2017 with a notional amount of $2.2 million. The fair value of this interest rate swap is $0.19 million [2013 - $0.27 million].

Project 2 interest rate swap transaction involves the exchange of the underlying floating rate Canadian BA for a fixed interest rate of 5.12% expiring October 1, 2022 with a notional amount of $10.3 million. The fair value of this interest rate swap is $1.45 million [2013 - $1.90 million].

6. FINANCIAL INSTRUMENT CLASSIFICATION

The following table provides cost and fair market value information of financial instruments by category. The maximum exposure to credit risk is the carrying amount shown below.

[thousands of dollars]	2014			2013
	Fair Value	**Amortized Cost**	**Total**	Total
Cash and cash equivalents	**19,511**	-	**19,511**	13,528
Restricted cash	**7,426**	-	**7,426**	6,756
Short term investments	-	**132,171**	**132,171**	110,429
Accounts receivable	-	**64,871**	**64,871**	87,806
Portfolio investments	**107,684**	-	**107,684**	101,733
Bank indebtedness	**12,533**	-	**12,533**	13,748
Accounts payable and accrued liabilities	-	**63,235**	**63,235**	65,150
Long term debt	-	**829**	**829**	1,343
Derivative liability	**1,643**	-	**1,643**	2,167

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which fair value is observable:

> Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities using the last bid price.
>
> Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

[thousands of dollars]	2014				2013
	Level 1	**Level 2**	**Level 3**	**Total**	Total
Cash and cash equivalents	**19,511**	-	-	**19,511**	13,528
Restricted cash	**7,426**	-	-	**7,426**	6,756
Investments					
Publicly traded equity - CDN	**26,193**	-	-	**26,193**	25,338
Publicly traded equity – USD	**8,463**	-	-	**8,463**	6,712
Publicly traded equity – Global	**5,580**	-	-	**5,580**	5,114
Fixed income	-	**67,448**	-	**67,448**	64,569
Bank indebtedness	-	**12,533**	-	**12,533**	13,748
Derivative liability	-	-	**1,643**	**1,643**	2,167

7. TANGIBLE CAPITAL ASSETS

[thousands of dollars]	2014			2013
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Buildings	**309,355**	**157,277**	**152,078**	107,083
Furniture and equipment	**129,822**	**77,605**	**52,217**	47,915
Computers	**28,730**	**21,321**	**7,410**	5,603
Software	**4,780**	**2,217**	**2,563**	2,528
Vehicles and vessels	**5,002**	**4,729**	**273**	317
Library collection	**150,679**	**123,845**	**26,834**	27,571
Total	**628,368**	**386,993**	**241,375**	191,017

Amortization expense for the year is $25.8 million (2013 - $22.0 million).

8. ASSETS UNDER CONSTRUCTION

Assets under construction represent costs incurred to date on the construction of new facilities. When construction is completed, the assets will be reclassified to tangible capital assets and amortization will commence. Assets under construction are as follows:

[thousands of dollars]	**2014**	2013
Project Description		
Grenfell Campus (GC) New Residence	-	18,542
MUN Residences	**32,388**	55,943
Medical School Extension	**54,085**	45,569
Ocean Sciences Center Deep Water Supply	**24,127**	19,637
Grenfell Campus Environmental Labs	**3,731**	2,086
Engineering Expansion	**6,464**	3,139
C-CORE Expansion	**6,239**	4,192
Core Science Facility	**1,054**	230
100 Signal Hill Road Property	**11,229**	10,712
Training Boat and Launching System	**26**	-
Offshore Operations Simulator	**1,244**	-
HMDC Offshore Operations Facility	**51**	-
GC Environmental Lab Equipment	**1,015**	-
GC Emergency Generator	**301**	-
Total	**141,954**	160,050

9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions related to tangible capital assets represent the unamortized and unspent amount of donations and grants received for the purchase of tangible capital assets. The amortization of deferred capital contributions is recorded as revenue in the consolidated statement of operations.

[thousands of dollars]	**2014**	2013
Balance, beginning of year	**327,648**	234,944
Additional contributions received	**60,386**	115,551
Less amounts amortized to revenue	**(25,561)**	(22,847)
Balance, end of year	**362,473**	327,648

10. DEFERRED CONTRIBUTIONS – EXTERNAL GRANTS AND DONATIONS

Deferred contributions related to expenses of future periods represent unspent externally restricted grants and donations for research and other programs.

[thousands of dollars]	**2014**	2013
Balance, beginning of year	**89,179**	87,377
Grants and donations received during the year	**73,136**	81,146
Less expenses incurred during the year	**(64,817)**	(79,344)
Balance, end of year	**97,498**	89,179

11. LONG-TERM DEBT

[thousands of dollars]	**2014**	2013
CMHC mortgage on Queen's College, 5.875% interest, repayable in 50 equal, blended payments of $29 semi-annually, maturing in June 2019, secured	**227**	270
Capital leases negotiated through the RBC Royal Bank, varying interest rates, payable in equal annual installments, secured by assets under lease	**602**	1,073
	829	1,343
Less: current portion	**517**	514
	312	829

Annual repayments of long-term debt over the next five years are as follows:

2015	517
2016	179
2017	51
2018	54
2019	28

12. POST-EMPLOYMENT BENEFITS

The University has a number of post-employment benefit liabilities including employee future benefits (severance, health and dental benefits and life insurance), Voluntary Early Retirement Income Plan (VERIP) and Supplemental Retirement Income Plan (SRIP).

Employee Future Benefits

The University provides group life insurance and health care benefits on a cost shared basis to retired employees, and in certain cases, their surviving spouses. In addition, the University pays severance to certain employee groups upon termination, retirement or death, provided they meet certain eligibility criteria. The cost of providing these future benefits is unfunded. Current year payments are funded on an annual basis from operations.

The significant actuarial assumptions used in measuring these benefits include the following:

	2014	2013
Discount rate:		
Liability	**4.40%**	4.10%
Expense	**4.10%**	4.13%
Average rate of compensation increase	**4.00%**	4.00%

The health care inflation rate is 7% in year 1, reducing 0.5% per year to 4% in year 7 and later (2013 – 4.0% per annum). There is no explicit inflation rate used in this valuation.

Voluntary Early Retirement Income Plan (VERIP)

In February and May 1996, the University offered faculty and staff, who reached age 55 and attained a minimum of 10 years pensionable service, an opportunity to take an early retirement under the provisions of the VERIP. Subject to eligibility criteria, the Plan provided an incentive of enhanced pension benefits of up to five years' pensionable service and waiver of actuarial reduction, if applicable, or a lump sum early retirement payment. The early retirement incentive is unfunded. Current year payments are funded on an annual basis from operations.

The significant actuarial assumptions used in measuring these benefits include the following:

	2014	2013
Discount rate		
Liability	**3.70%**	3.25%
Expense	**3.25%**	3.50%

Supplemental Retirement Income Plan (SRIP)

In May 1996, the Board of Regents approved a SRIP to provide benefits to employees of the University whose salaries exceed the Canada Revenue Agency maximum pensionable salary and whose defined benefit pension, therefore, exceeds the maximum benefit payable from the Plan.

The significant actuarial assumptions used in measuring these benefits include the following:

	2014	2013
Discount rate		
Liability	**4.40%**	4.00%
Expense	**4.00%**	4.10%

The accrued liability and expense of these post-employment benefits are outlined in the tables below:

[thousands of dollars]	2014			
	Employee Future Benefits	VERIP	SRIP	Total Liability
Post-employment benefits	170,908	6,080	21,601	198,589
Unamortized actuarial loss	(21,631)	-	(5,141)	(26,772)
Total liability	149,277	6,080	16,460	171,817

[thousands of dollars]	2013			
	Employee Future Benefits	VERIP	SRIP	Total Liability
Post-employment benefits	163,744	6,394	20,476	190,614
Unamortized actuarial loss	(26,302)	-	(5,970)	(32,272)
Total liability	137,442	6,394	14,506	158,342

[thousands of dollars]	2014			
	Employee Future Benefits	VERIP	SRIP	Total Liability
Current year benefit costs	6,296	-	1,058	7,354
Interest on accrued benefit obligations	6,725	200	853	7,778
Benefit payments	(3,764)	(514)	(436)	(4,714)
Amortized actuarial losses	2,579	-	479	3,058
Total expense	11,836	(314)	1,954	13,476

[thousands of dollars]	2013			
	Employee Future Benefits	VERIP	SRIP	Total Liability
Current year benefit costs	5,885	-	871	6,756
Interest on accrued benefit obligations	6,299	221	703	7,223
Benefit payments	(4,055)	(533)	(370)	(4,958)
Amortized actuarial losses	2,070	120	263	2,453
Total expense	10,199	(192)	1,467	11,474

13. CONTINGINCIES

Canadian University Reciprocal Insurance Exchange (CURIE)

The University participates in a self-insurance cooperative involving a contractual agreement to share the insurance, property and liability risks of member universities for a term of not less than five years.

In the event the premiums are not sufficient to cover claims settlements, the member universities would be subject to an assessment in proportion to their participation. For the year ended December 31, 2013, CURIE had a surplus of $15.4 million and a cumulative subscribers' equity of $71.3 million. The University's pro-rata share is approximately 3% on an ongoing basis.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Market risk

The University is exposed to market risk on its investments due to future fluctuations in market prices. This risk is managed by a Statement of Investment Policy and Objectives approved by the Board of Regents which includes investment policy provisions for an acceptable asset mix structure and quality constraints on fixed income instruments.

(a) Currency Risk

Currency risk relates to the University operating in different currencies and converting non-Canadian transactions at different points in time when adverse changes in foreign currency rates occur. The University minimizes foreign currency risk to protect the value of foreign cash flows, both committed and anticipated, by using foreign exchange contracts when market conditions are judged to be favorable. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

[thousands of dollars]

2014 Foreign Currency Denominated Assets	Fair Values (CAD)	Impact of 1% Absolute Change in Exchange Rates on Net Assets
US Equity	8,463	84.63
Global Equity	5,580	55.80

(b) Interest rate risk

The University's exposure to interest rate risk relates to its floating interest rate bank indebtedness which utilizes BA's. The University has managed this floating interest rate risk by entering into interest rate swap agreements with the RBC Royal Bank to offset the movement in the BA rates. Any change in BA rates will be offset by a corresponding change in the interest rate swap. The fair value of these interest rate swap agreements are recorded in the consolidated statement of financial position and the change in value is reflected in the consolidated statement of remeasurement gains.

Credit risk

Credit risk is the risk of loss due to the failure of a counterparty to satisfy its obligations. The University is exposed to credit risk with respect to accounts receivable from students, governments and other clients as well as through its investments in fixed income and equity. Services are provided to a large number of students and entities, which minimizes the concentration of credit risk. The University routinely monitors the receivable balances and establishes an appropriate allowance for doubtful accounts based upon factors surrounding credit risk, historical trends, and other information. The University limits its exposure to credit loss on fixed income by investing in securities with high credit quality. To maximize the credit quality of its investments, the University performs ongoing credit evaluations based upon factors surrounding the credit risk of issuers, historical trends and other information. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. All transactions executed by the University in listed equities are settled upon delivery using approved brokers. The risk of default is considered minimal, as the delivery of those securities sold is made only when the broker has received payment. Payment is made on purchases only when the security is received by the broker. The trade will fail to consummate if either party fails to meet its obligation. The maximum risk of loss at March 31, 2014 is limited to the amounts as shown on the consolidated statement of financial position.

Liquidity risk

The University is exposed to liquidity risk with respect to its contractual obligations and financial liabilities. This risk is managed by maintaining adequate cash and cash equivalents. The University believes that cash and cash equivalents on hand, future cash flows from government grants and student fees will be adequate to meet its financial obligations.

15. COMPARATIVE FIGURES

Certain figures from the prior period have been reclassified to conform to the presentation adopted for the current period.

Grant Thornton

Consolidated Financial Statements

Multi-Materials Stewardship Board

March 31, 2014

Statement of responsibility

The accompanying financial statements are the responsibility of the management of the Multi-Materials Stewardship Board (the "Board") and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

The Audit Committee met with management and its external auditors to review a draft of the financial statements and to discuss any significant financial reporting or internal control matters prior to the approval of the finalized financial statements.

Grant Thornton LLP as the Board's appointed external auditors, have audited the financial statements. The auditors' report is addressed to the Directors of the Board and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position and results of the Board in accordance with Canadian public sector accounting standards.

____________________ Chair ____________________ Director

Grant Thornton

Independent auditors' report

Grant Thornton LLP
Suite 300
15 International Place
St. John's, NL
A1A 0L4

T +1 709 778 8800
F +1 709 722 7892
www.GrantThornton.ca

To the Directors of the

Multi-Materials Stewardship Board

We have audited the accompanying consolidated financial statements of the Multi-Materials Stewardship Board, which comprise the consolidated statement of financial position at March 31, 2014, and the consolidated statements of operations, remeasurement gains and losses, changes in accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Multi-Materials Stewardship Board as at March 31, 2014 and the results of its operations, net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

St. John's, Canada

June 20, 2014

Chartered Accountants

Multi-Materials Stewardship Board

Consolidated Statement of Financial Position

March 31	2014	2013
Financial assets		
Cash and cash equivalents (Note 4)	**$ 13,305,992**	$ 12,254,400
Receivables (Note 5)	**3,274,545**	3,745,155
Notes receivable at amortized cost of non-interest bearing notes, repayable over the next five years, utilizing an interest rate of prime plus 1%	**40,958**	55,371
Inventories for sale (Note 6)	**75,053**	53,991
Long term investments	**630,772**	655,768
	17,327,320	16,764,685
Liabilities		
Payables and accruals	**1,475,811**	1,532,461
Grants payable	**836,906**	1,509,238
Accrued stockpile costs (Note 7)	**1,126,834**	1,552,164
Unearned revenue	**3,597,326**	2,860,787
Performance bonds payable	**633,994**	617,189
Accrued severance pay	**85,763**	87,747
	7,756,634	8,159,586
Net financial assets	**$ 9,570,686**	$ 8,605,099
Non-financial assets		
Prepaids	**$ 65,922**	$ 84,094
Tangible capital assets (Page 19)	**1,007,715**	734,960
	1,073,637	819,054
Accumulated surplus (Note 8)	**$ 10,644,323**	$ 9,424,153

Commitments (Note 10)

On behalf of the Board

Chairperson

Director

See accompanying notes to the consolidated financial statements.

Multi-Materials Stewardship Board

Consolidated Statement of Operations

Year Ended March 31	**Actual 2014**	Budget 2014	Actual 2013
Revenue			
Gross revenue from deposits	**$ 24,364,719**	$ 23,932,619	$ 24,312,183
By-product revenue	**2,191,590**	2,528,938	2,431,932
Other revenue (Note 11)	**221,604**	-	87,386
Income from Organics program	**22**	-	65
Income from Household Hazardous Waste Program	**-**	12,445	36,872
	26,777,935	26,474,002	26,868,438
Cost of sales			
Deposits refunded	**8,436,039**	8,752,806	8,680,105
Green School Program	**751,596**	800,930	752,335
Handling fees	**7,151,961**	6,997,893	7,181,174
Regional processing	**1,509,452**	1,848,566	1,640,156
Freight and transportation	**3,946,078**	3,795,369	4,121,303
Depot fees	**381,206**	397,200	387,000
Quality assurance facilities	**69,968**	53,400	89,095
	22,246,300	22,646,164	22,851,168
Annual surplus before expenses and other activities	**4,531,635**	3,827,838	4,017,270
Expenses			
Administrative expenses (Page 20)	**2,906,304**	3,176,513	3,205,269
Grant disbursements	**510,872**	724,700	1,541,001
	3,417,176	3,901,213	4,746,270
Annual surplus (deficit) before other activities	**1,114,459**	(73,375)	(729,000)
Other activities			
Realized loss attributed to foreign exchanges	**(21,108)**	-	-
Interest and sundry income	**127,869**	77,378	95,839
Note receivable grant expense	**(1,050)**	-	-
	105,711	77,378	95,839
Annual surplus (deficit)	**$ 1,220,170**	$ 4,003	$ (633,161)

See accompanying notes to the consolidated financial statements.

Multi-Materials Stewardship Board

Consolidated Statement of Remeasurement Gains and Losses

Year Ended March 31	2014	2013
Accumulated remeasurement gains (losses), beginning of year	$ 77,218	$ (8,521)
Unrealized gains attributed to foreign exchanges	-	85,739
Reversal of unrealized gains attributed to foreign exchanges	(77,218)	-
Accumulated remeasurement gains, end of year	$ -	$ 77,218

See accompanying notes to the consolidated financial statements.

Multi-Materials Stewardship Board

Consolidated Statement of Changes in Accumulated Surplus

Year Ended March 31	**Actual 2014**	Budget 2014	Actual 2013
Accumulated surplus, beginning of year	**$ 9,424,153**	$ 9,424,153	$ 9,971,575
Annual surplus (deficit)	**1,220,170**	4,003	(633,161)
Remeasurement gains	**-**	-	85,739
Accumulated surplus, end of year	**$ 10,644,323**	$ 9,428,156	$ 9,424,153

See accompanying notes to the consolidated financial statements.

Multi-Materials Stewardship Board

Consolidated Statement of Changes in Net Financial Assets

Year Ended March 31	**Actual 2014**	Budget 2014	Actual 2013
Annual surplus (deficit)	**$ 1,120,170**	$ 4,003	$ (633,161)
Acquisition of tangible capital assets	**(398,663)**	(1,123,000)	(172,125)
Amortization of tangible capital assets	**125,909**	164,517	144,276
Decrease in prepaids	**18,171**	-	19,895
Remeasurement gains	**-**	-	85,739
Increase (decrease) in net assets	**965,587**	(954,480)	(555,376)
Net financial assets, beginning of year	**8,605,099**	8,605,099	9,160,475
Net financial assets, end of year	**$ 9,570,686**	$ 7,650,619	$ 8,605,099

See accompanying notes to the consolidated financial statements.

Multi-Materials Stewardship Board

Consolidated Statement of Cash Flows

Year Ended March 31	2014	2013
(Decrease) increase in cash and cash equivalents		
Operating		
Annual surplus (deficit)	$ 1,220,170	$ (633,161)
Amortization	125,909	144,276
Remeasument gains	-	85,739
	1,346,079	(403,146)
Change in non-cash items (Note 9)	49,931	(2,339,618)
Cash provided by (applied to) operating transactions	1,396,010	(2,742,764)
Capital		
Cash used to acquire tangible capital assets	(398,663)	(172,125)
Investing		
Decrease in notes receivable	14,413	29,608
Increase in long term investments	25,011	381,437
Cash provided by investing transactions	39,424	411,045
Financing		
Increase (decrease) in performance bonds payable	16,805	(46,636)
Decrease in accrued severance pay	(1,984)	(10,988)
Cash provided by (applied to) financing transactions	14,821	(57,624)
Increase in cash and cash equivalents	1,051,592	(2,561,468)
Cash and cash equivalents, beginning of year	12,254,400	14,815,868
Cash and cash equivalents, end of year	$ 13,305,992	$ 12,254,400

See accompanying notes to the consolidated financial statements.

1. Nature of operations

The Multi-Materials Stewardship Board is a statutory corporation established pursuant to The Environmental Protection Act. This Board manages the Used Beverage Container Deposit Refund System, the Used Tire Recycling Program and the Newfoundland and Labrador Waste Management Trust Fund in the Province of Newfoundland and Labrador and is mandated to support and promote the protection, enhancement and wise use of the environment through waste management programs. The Board is a government organization and reports to the Minister of Environment and Conservation.

The Board is exempt from income taxes under Section 149(1)(d) of the Canadian Income Tax Act.

2. Basis of consolidation

These consolidated financial statements include the accounts of the Multi-Materials Stewardship Board and the Newfoundland and Labrador Waste Management Trust Fund.

The Multi-Materials Stewardship Board Newfoundland and Labrador Waste Management Trust Fund is a restricted fund, managed by the Board, and its accounts have been grouped in these financial statements for consolidation purposes. Separate audited financial statements have been issued for this Trust Fund, with an audit report date of June XX, 2014.

3. Summary of significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the CPA Canada Public Sector Accounting Board (PSAB) and reflect the following significant accounting policies.

Use of estimates

In preparing the Board's financial statements in conformity with Canadian public sector accounting standards, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the period. Items requiring the use of significant estimates include the accrual for deposits outstanding at year end, useful life of tangible capital assets, rates of amortization and impairment of long-lived assets, accrued stockpile costs, unearned revenue and accrued severance pay.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

3. **Summary of significant accounting policies** (cont'd.)

Foreign currency transactions

Transactions denominated in foreign currencies are recorded in Canadian dollars at exchange rates in effect at the related transaction dates. Monetary assets and liabilities denominated in foreign currencies are adjusted to reflect exchange rates at the year end date. Exchange gains and losses arising on the translation of monetary assets and liabilities are included in the determination of income.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less. Cash and cash equivalents also include a balance of $3,154 and $1,006,389 (2013 - $3,154 and $1,034,332) in restricted cash related to the performance bonds payable and funds received for the Provincial Waste Management Strategy respectively.

Long term investments

Long term investments include guaranteed investment certificates with original maturities greater than one year. At March 31, 2014, $630,772 (2013 - $613,996) of these investments are restricted to repay performance bonds at the end of the contracts if all conditions have been met by the parties involved.

Inventories for sale

Inventories, which are comprised of aluminium beverage containers and PET beverage containers, are valued at the lower of cost and net realizable value. Inventory is costed based on net realizable value using current market prices.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives generally extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual deficit, provides the change in net financial assets for the year.

Tangible capital assets

Tangible capital assets are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated lives as follows:

Used beverage equipment	30%, declining balance
Office furniture and equipment	20%, declining balance
Leasehold improvements	5 years, straight line
Computer hardware	30%, declining balance
MIDAS and MIS software	10%, declining balance
Computer software	30%, declining balance
Bags and tubs	30%, declining balance

3. Summary of significant accounting policies (cont'd.)

Tangible capital assets (cont'd.)

Included in the cost of computer hardware is $298,702 (2013 - $Nil) and included in the cost of MIDAS and MIS software is $68,720 (2013 - $Nil) of assets not being amortized because they were not available for use at March 31, 2014.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

Unearned revenue

Unearned revenue consists of deposits on containers yet to be returned for redemption and recycling. The amount recorded by the Board as unearned revenue consists of sixty days of deposits received from distributors, adjusted by an estimated recovery rate of 63% (2013 - 65%).

Unearned revenue also includes funds received in relation to the Provincial Waste Management Strategy related to expenditures for strategic communications development, and the Green Depot Management Information System (MIS) related to customization, installation, training, licences and support for the system. The funding is recognized as revenue as the expenditures are incurred and repayable if not fully spent on the projects.

Accrued severance pay

Severance pay is accounted for on an accrual basis and is recognized when an employee joins the Board, and is calculated based upon years of service, current salary levels and assumptions with respect to retention. Severance pay is payable when the employee ceases employment with the Board and has achieved nine years of continual service.

Revenue recognition

Deposit revenue is recognized when remittances are collected plus an estimated accrual based on subsequent receipts, as well as historical data.

By-product revenue is recognized upon shipment and when all significant contractual obligations have been satisfied and collection is reasonably assured.

Income from the Household Hazardous Waste Program is recognized as the municipalities are invoiced and collection is reasonably assured.

Income from the Organic's Program is recognized once the compost bins are delivered and collection is reasonably assured.

Other income is recognized as earned.

3. Summary of significant accounting policies (cont'd.)

Financial instruments

The Board considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Board accounts for the following as financial instruments:

- cash and cash equivalents;
- receivables;
- notes receivable;
- long term investments;
- payables and accruals;
- grants payable; and
- performance bond payable.

A financial asset or liability is recognized when the Board becomes party to contractual provisions of the instrument.

The Board initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Board subsequently measures its financial assets and financial liabilities at cost or amortized cost, except for derivatives and equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in annual deficit.

Financial assets measured at fair value include cash and cash equivalents and long term investments; financial assets measured at cost include receivables; and financial assets measured at amortized cost include notes receivable.

Financial liabilities measured at cost include payables and accruals, grants payable and performance bonds payable.

The Board removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net annual surplus.

4. **Cash and cash equivalents**	2014	2013
Cash and cash equivalents	**$ 12,299,603**	$ 11,216,914
Restricted cash deposits	**1,006,389**	1,037,486
	$ 13,305,992	$ 12,254,400

5. **Receivables**	**March 31 2014**	March 31 2013
Deposits	**$ 1,937,853**	$ 2,712,609
Trade and other	**1,336,692**	1,032,546
	$ 3,274,545	$ 3,745,155

6. **Inventories for sale**	**2014**	2013
Aluminium beverage containers	**$ 51,168**	$ 37,946
PET beverage containers	**23,885**	16,045
	$ 75,053	$ 53,991

7. Stockpile costs

In June 2004, the Board terminated its contract under the Used Tire Recycling Program with its previous contractor. Subsequent to this termination, the Board assumed responsibility for the Program and implemented a contingency plan for the storage of used tires. As of April 2010, growth of the stockpile was halted with ongoing generation of tires being shipped to Quebec. In February 2012, a contract commenced for the removal of the stockpile. As at March 31, 2014, management has estimated future stockpile removal costs to be $1,126,834 (2013 - $1,552,164), which has been accrued in the stockpile costs.

8. **Accumulated surplus**	**2014**	2013
Accumulated surplus from operations	**$ 10,644,323**	$ 9,346,935
Accumulated remeasurement gains	**-**	77,218
	$ 10,644,323	$ 9,424,153

9. Supplemental cash flow information

Change in non-cash items	2014	2013
Receivables	$ **470,610**	$ (892,380)
Inventories	**(21,062)**	21,930
Prepaids	**18,171**	19,895
Payables and accruals	**(56,668)**	(620,335)
Grants payable	**(672,331)**	(161,505)
Accrued stockpile costs	**(425,330)**	(1,596,057)
Unearned revenue	**736,541**	888,834
	$ **49,931**	$ (2,339,618)

10. Commitments

The Board is committed to minimum annual lease payments for property and equipment for the next four years as follows: 2015 - $212,500; 2016 - $197,810; 2017 - $173,968; and 2018 - $1,955.

The Board has entered into the following agreements:

(i) processing and transportation of beverage containers up to July, 2019;
(ii) collection of used tires in Labrador West area to April, 2015;
(iii) collection and transportation of used tires in the island portion of Newfoundland and Labrador and the Labrador Straits to February, 2018;
(iv) collection of used tires in Happy Valley-Goose Bay area to February, 2015;
(v) transportation of used tires collected in Labrador to February, 2015;
(vi) transportation and disposal of processed glass to March, 2015;
(vii) loading and transportation of stockpile tires to date of completion.

11. Other revenue

	2014	2013
MIS fees from depots	$ **191,104**	$ -
Provincial Waste Management Strategy	**28,500**	87,386
Waste audit	**2,000**	-
	$ **221,604**	$ 87,386

12. Financial instruments

The Board's policy for managing significant risks includes policies, procedures and oversight designed to reduce the risks identified to an appropriate threshold. The Board of Directors is provided with timely and relevant reports on the management of significant risks. Significant risks managed by the Board include liquidity, credit and market risks.

Risks and concentrations

The Board is exposed to various risks through its financial instruments. The following analysis provides a measure of the Board's risk exposure and concentrations at March 31, 2014.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Board is exposed to this risk mainly in respect of its payables and accruals. The Board reduces its exposure to liquidity risk by monitoring its cash flows and ensuring that it has sufficient cash available to meet its obligations and liabilities. In the opinion of management the liquidity risk exposure to the Board is low and not material.

There is no liquidity risk associated with the bonds payable as they are held in guaranteed investment certificates with a stated interest rate.

The aging of payables and accruals, grants payable, accrued stockpile costs accrued severance pay, is as follows:

	2014	2013
0-30 days	**$ 1,333,152**	$ 1,156,036
31-60 days	**190,503**	282,466
61-90 days	**16,395**	129,208
Over 91 days	**1,787,392**	2,663,233
1-5 years	**112,109**	362,920
> 5 years	**85,763**	87,747
Total	**$ 3,525,314**	$ 4,681,610

Credit risk

Credit risk is the risk of loss if a customer or counterparty cannot meet its contractual obligations. The carrying amount of financial assets represents the maximum credit exposure. The Board's credit risk is attributable to receivables. The accounts receivable represent a large number of small balances owed by its customers, and no one customer or group of customers represents a significant risk. Management reviews receivables on a case by case basis to determine if an allowance is necessary to reflect an impairment in collectability.

12. **Financial instruments** (cont'd.)

The aging of receivables is as follows:

	2014	2013
0-30 days	**$ 2,354,950**	**$ 2,341,775**
31-60 days	**459,865**	**659,967**
61-90 days	**24,562**	**145,660**
Over 91 days	**451,682**	**604,105**
Total	**$ 3,291,059**	**$ 3,751,507**
Allowance for doubtful accounts	**(16,514)**	**(6,352)**
Net receivables	**$ 3,274,545**	**$ 3,745,155**

The aging of notes receivable is as follows:

	2014	2013
< 1 year	**$ 26,471**	**$ 27,541**
1 > 2 years	**8,359**	**21,629**
2 > 3 years	**2,571**	**5,651**
> 3 years	**2,106**	**550**
> 4 years	**1,451**	**-**
Total	**$ 40,958**	**$ 55,371**

Market risk

Market risk is the risk that the fair value of marketable securities or long-term investments will change as a result of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Board is mainly exposed to currency risk and other price risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Board is exposed to other price risk through its sale of by-products.

The Board is exposed to concentration risk as all of its by-products are in a quoted active market.

12. **Financial instruments** (cont'd.)

The table below presents a sensitivity analysis for changes in market prices of aluminium and polyethylene terephthalate (PET) and the impact on by-product revenue:

	2014		2013	
	Aluminium	PET	Aluminium	PET
-0.10%	**$ 1,267,122**	**$ 686,288**	$ 1,300,440	$ 768,985
-0.05%	**1,337,518**	**724,415**	1,372,687	811,706
Market Price at March 31st	**1,407,914**	**762,542**	1,444,934	854,428
+0.05%	**1,478,309**	**800,669**	1,517,180	897,149
+0.10%	**1,548,705**	**838,796**	1,569,427	939,870

13. **Employee future benefits**

The Board participates in the Government of Newfoundland and Labrador's Government Money Purchase Plan (GMPP) which is a defined contribution pension plan. The plan is mandatory for all employees, with the exception of the CEO, from date of employment. Employees contribute 5% of regular earnings and the Board matches these contributions. Contributions made prior to January 1, 1997 are fully vested and locked-in after the completion of 10 years of continuous service and has attained the age 45 or after the completion of 5 years of plan participation. Contributions made on or after January 1, 1997 are fully vested and locked-in after the completion of 2 years of plan participation. Contributions paid and expensed by the Board during the year totaled $53,569 (2013 - $57,303).

The CEO participates in the Government of Newfoundland's Public Service Pension Plan which is a defined benefit plan. The plan is mandatory for all full time employees of the Government of Newfoundland and Labrador from the date of employment. Employee and employer contributions are at an amount equal to 6.8% of the salary; normal retirement age under the plan is 65; and the amount of pension is based on 2% of the average of the best five years pensionable salary multiplied by the years and months of credited pensionable service. Contributions paid and expensed by the Board during the year totaled $Nil (2013 - $12,647). Additional information about the plan surplus or deficit is not available.

Multi-Materials Stewardship Board

Consolidated Schedule of Tangible Capital Assets

Year Ended March 31, 2013

	Used Beverage Equipment	Office Furniture & Equipment	Leasehold Improvements	Computer Hardware	Computer Software	MIDAS and MIS Software	Bags and Tubs	2014	2013
Cost									
Cost, beginning of year	$ 168,454	$ 150,080	$ 8,913	$ 136,380	$ 325,570	$ 445,488	$ 469,501	**$ 1,704,386**	$ 1,532,260
Additions during the year	2,319	-	-	318,628	-	68,720	8,996	**398,663**	172,125
Disposals during the year	-	-	-	-	-	-	-	**-**	-
Cost, end of year	$ 170,773	$ 150,080	$ 8,913	$ 455,008	$ 325,570	$ 514,208	$ 478,497	**$ 2,103,049**	$ 1,704,385
Accumulated Amortization									
Accumulated amortization, beginning of year	$ 126,911	$ 97,218	$ 6,223	$ 89,191	$ 232,389	$ 41,522	$ 375,971	**$ 969,425**	$ 835,149
Amortization	11,347	9,877	491	14,301	24,522	38,853	26,518	**125,909**	144,276
Reversal of accumulated amortization relating to disposals	-	-	-	-	-	-	-	**-**	-
Accumulated amortization, end of year	138,258	107,095	6,714	103,492	256,911	80,375	402,489	**1,095,334**	969,425
Net book value of tangible capital assets	$ 32,515	$ 42,985	$ 2,199	$ 351,516	$ 68,659	$ 433,833	$ 76,008	**$ 1,007,715**	$ 734,960

Multi-Materials Stewardship Board

Consolidated Schedule of Administrative Expenses

Year Ended March 31	2014	2013
Advertising	$ 408	$ 12,501
Amortization	125,909	144,274
Business development	12,954	52,439
Directors' remuneration	17,631	19,215
Dues, licences and education	2,514	14,592
Equipment rental and support	73,703	70,630
Insurance	7,323	8,719
Interest and bank charges	6,729	4,457
Marketing and communications	520,758	376,461
Meetings and entertainment	11,783	18,480
Miscellaneous	13,379	11,626
Professional fees	134,493	173,029
Rent	140,074	138,691
Repairs and maintenance	-	400
Software support	12,239	52,374
Stationery and office supplies	26,211	38,443
Strategic communications development	28,500	87,386
Supplies	23,797	20,931
Telecommunications	33,475	33,962
Travel - Board and staff	88,583	109,357
Vehicle operating	25,639	25,799
Wages and benefits	1,600,202	1,791,503
	$ 2,897,383	$ 3,205,269

MUNICIPAL ASSESSMENT AGENCY INC.

FINANCIAL STATEMENTS

Year ended March 31, 2014

JOHN F. MORGAN

Chartered Accountant
6 Lambe's Lane
St. John's, NL A1B 4E9
Office: (709) 576-6776
Fax: (709) 576-6777

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying financial statements for Municipal Assessment Agency Inc., which comprise the balance sheet as at March 31, 2014, and the statement of revenues, expenses and equity, and statement of changes in financial position for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Public Sector Accounting Standards and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Municipal Assessment Agency Inc. as at March 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Public Sector Accounting Standards.

CHARTERED ACCOUNTANT

St. John's, Newfoundland
June 5, 2014

MUNICIPAL ASSESSMENT AGENCY INC.

BALANCE SHEET
AS AT MARCH 31, 2014

ASSETS

	2014	2013
CURRENT ASSETS:		
Cash	$1,412,776	$1,508,272
Accounts receivable (note 2)	136,288	113,823
Current portion of long term receivables (note 3)	14,349	11,366
Prepaid expenses	108,742	105,347
	1,672,155	1,738,808
Long term receivables (note 3)	-	6,783
Severance reserve fund (note 4)	871,403	925,749
Capital assets (note 5)	1,439,205	1,563,505
	$3,982,763	$4,234,845

LIABILITIES AND SHAREHOLDER'S EQUITY

	2014	2013
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 248,236	$ 317,486
Accrued vacation pay (note 6)	300,082	310,271
	548,318	627,757
Accrued severance pay (note 6)	871,403	925,749
	1,419,721	1,553,506

SHAREHOLDER'S EQUITY

	2014	2013
CAPITAL:		
Authorized and issued		
1 Common share	1	1
Equity from operations	2,563,041	2,681,338
	2,563,042	2,681,339
	$3,982,763	$4,234,845

Commitments and contingencies (note 6 and note 7)

On behalf of the board:

Elizabeth A. Mear

MUNICIPAL ASSESSMENT AGENCY INC.

STATEMENT OF REVENUES, EXPENSES AND EQUITY
FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
REVENUES:		
Assessment services	$5,516,921	$5,584,233
Valuation revenue	32,869	43,977
Interest revenue	23,902	22,738
Municipal training	3,360	1,986
	5,577,052	5,652,934
EXPENSES:		
Salaries	3,521,445	3,335,749
Benefits	655,389	613,010
Travel	334,102	335,326
Information technology	250,487	285,967
Postage and courier	153,304	133,906
Professional fees	159,802	117,422
Premises and equipment lease	90,355	87,402
Printing	60,374	70,956
Telephone	57,672	58,295
Repairs and maintenance	55,423	51,093
Office supplies	55,247	44,893
Utilities	28,740	27,796
Advertising and public relations	22,512	30,630
Insurance	20,153	20,227
Exchange gain/loss	11,915	2,515
Payroll processing	5,094	4,763
Bank charges	1,746	3,153
Meetings and events	-	889
	5,483,760	5,223,992
Excess of revenues over expenses before the following:	93,292	428,942
Provision for severance and vacation pay (note 6)	16,862	63,993
Amortization of capital assets	197,835	185,440
Loss on disposal of capital assets	-	18,022
Bad debt expense (recovery)	(3,108)	(6,944)
Excess of revenues over expenses	(118,297)	168,431
Equity from operations, beginning of year	2,681,338	2,512,907
EQUITY FROM OPERATIONS, END OF YEAR	**$2,563,041**	**$2,681,338**

Commitments and contingencies (note 6 and note 7)

MUNICIPAL ASSESSMENT AGENCY INC.

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
OPERATING ACTIVITIES:		
Excess of revenues over expenses	$ (118,297)	$ 168,431
Items not affecting cash:		
Amortization of capital assets	197,835	185,440
Decrease in long-term receivable	3,800	11,240
Decrease in severance pay accrual	(54,346)	(34,335)
Decrease in vacation pay accrual	(10,189)	32,901
Loss on disposition of capital assets	-	18,022
Net change in non-cash working capital balance	(95,110)	156,958
CASH PROVIDED BY OPERATING ACTIVITIES	(76,307)	538,657
INVESTING ACTIVITIES:		
Purchase of capital assets	(73,535)	(344,966)
CASH USED IN INVESTING ACTIVITIES	(73,535)	(344,966)
Increase (decrease) in cash position	(149,842)	193,691
Cash position, beginning of year	2,434,021	2,240,330
CASH POSITION, END OF YEAR	$2,284,179	$2,434,021

Cash is represented by:		
Operating cash	$1,412,776	$1,508,272
Severance reserve fund	871,403	925,749
	$2,284,179	$2,434,021

Commitments and contingencies (note 6 and note 7)

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014

General:

The Municipal Assessment Agency Inc. (the "Agency") was incorporated April 2, 1997, under the laws of the Province of Newfoundland and Labrador to carry out assessment services for various municipalities throughout the Province of Newfoundland and Labrador pursuant to the Assessment Act. Prior to this date, these services were performed by the Department of Municipal and Intergovernmental Affairs, Government of Newfoundland and Labrador (the "Department").

The Agency has one common share with a par value of $1.00 issued to the Minister of Municipal and Intergovernmental Affairs, Government of Newfoundland and Labrador.

The Agency is a crown corporation and, accordingly, is exempt from income taxes under Subsection 149(1)(d) of the Income Tax Act.

1. Summary of significant accounting policies:

The financial statements of the Agency have been prepared within the framework of Public Sector Accounting Standards which require the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results. The more significant accounting policies of the Agency are as follows:

(a) Capital assets

Capital assets purchased by the Agency are recorded at cost. Amortization is recorded on a declining balance basis over the assets estimated useful lives at the following rates:

Furniture and equipment	20%
Computer hardware and software	30%
Integrated assessment system	30%
Buildings	4%

(b) Revenue recognition

Revenue for the provision of assessment and valuation services is recognized when the services are rendered.

1. Summary of significant accounting policies (continued):

(c) Accrued severance pay

Severance pay is accounted for on an accrued basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay vests with employees with nine years of continued service and accrues to a maximum of twenty years and, accordingly, no provision has been made in the accounts for employees with less than nine years of continued service. The amount is payable when the employee ceases employment with the Agency. The cash amount of the accrued severance pay is segregated into a severance reserve fund.

(d) Redundancy pay

Redundancy pay is recognized as a liability when it is probable that employees will be entitled to benefits and the amount can be reasonably estimated.

(e) Financial Instruments

The company initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at cost or amortized cost.

Financial assets measured at amortized cost on a straight-line basis include cash and accounts receivable.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable.

2. Accounts receivable:

	2014	2013
Trade receivables	$ 81,845	$ 39,081
HST recoverable	49,130	72,984
Employee receivable	5,313	1,758
	$ 136,288	$ 113,823

3. Long term receivables:

The Agency has entered into a contract with several of its customers to receive payment on the outstanding amounts over a period of 48 months, provided all future fees are paid on a current basis.

4. Severance reserve fund:

The Agency has internally restricted funds for the accrued severance pay liability. These funds are to be used to pay any accrued severance and not to be used in normal business operations. The restricted funds are held in the Agency's operating account that bears interest.

5. Capital assets:

	2014			2013
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware and software	$ 410,338	$ 384,396	$ 25,942	$ 37,061
Furniture and equipment	223,118	183,524	39,594	32,008
Integrated assessment system	1,759,453	1,390,815	368,638	456,205
Buildings	1,028,653	231,843	796,810	830,010
Land	208,221	-	208,221	208,221
	$3,629,783	$2,190,578	$1,439,205	$1,563,505

6. Severance and vacation pay:

The provision for severance and vacation pay consists of the following:

Severance pay	2014	2013
Opening balance	$ 925,749	$ 960,084
Severance paid out	(67,883)	(59,605)
Current year expense	13,537	25,270
Closing balance	$ 871,403	$ 925,749

Vacation pay	2014	2013
Opening balance	$ 310,271	$ 277,370
Current year expense	3,325	38,723
Vacation paid out	(13,514)	(5,822)
Closing balance	$ 300,082	$ 310,271

7. Commitments and Contingencies:

The Agency has a lease for office space in Corner Brook, Newfoundland and Labrador. The term of the lease is 5 years, starting October 1, 2012 and ending on September 30, 2017, with the option to renew for a further term of up to 5 years. The monthly rental fee is $4,174. Future minimum lease payments total $175,308 and include the following payments over the next 4 years: 2014 - $37,566, 2015 - $50,088, 2016 - $50,088, 2017 – 37,566.

The Agency has a lease for office space in Clarenville, Newfoundland and Labrador. The term of the lease is 5 years, starting May 1, 2013 and ending on April 30, 2018. The monthly rental fee is $450. Future minimum lease payments total $22,050 and include the following payments over the next 5 years: 2014 - $4,050, 2015 – $5,400, 2016 – $5,400, 2017 - $5,400, 2018 - $1,800.

The Agency has a lease for office space in Grand Falls-Windsor, Newfoundland and Labrador. The term of the lease is 3 years, starting February 1, 2014 and ending on January 31, 2017. The monthly rental fee is $764. Future minimum lease payments total $25,976 and include the following payments over the next 4 years: 2014 - $6,876, 2015 - $9,168, 2016 - $9,168, 2017 - $764.

The Agency has a lease for office space in Deer Lake, Newfoundland and Labrador. The term of the lease is 3 years, starting July 1, 2012 and ending on June 30, 2015. The monthly rental fee is $425. Future minimum lease payments total $6,375 and include the following payments over the next 2 years: 2014 - $3,825, 2015 - $2,550.

The Agency has a lease for office space in Stephenville, Newfoundland and Labrador. The term of the lease is 3 years, starting September 1, 2013 and ending on August 31, 2016. The monthly rental fee is $398. Future minimum lease payments total $11,542 and include the following payments over the next 3 years: 2014 - $3,582, 2015 - $4,776, 2016 - $3,184.

The Agency has prepared property valuations which are subject to litigation to which the Agency has been included as a third party defendant. These claims could be considered to be in the normal course of the Agency's activities. Neither the possible outcome nor the amount of possible settlement can be foreseen. Therefore, no provision has been made in the financial statements.